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GREETING CARD AND RELATED OPERATIONS WORK PLAN AND PROPOSED BUDGET FOR 1996

SUMMARY

The present document presents the Greeting Card and related Operations (GCO) work plan and proposed budget for the 1996 season (fiscal year 1 May 1996 to 30 April 1997).

Chapter I, Overview, presents an introduction, policy issues, the work plan and budget preparation process, consolidated income and expenditure projections for 1996 and human resources.

Chapter II, Director's Office, presents objectives, strategies and budgeted expenditures.

Chapter III, Product Line and Marketing, presents an introduction, objectives, strategies, budgeted income and expenditures and human resources, as well as a review of the Central and Eastern European National Committees Development Programme and the Market Development Programme.

Chapter IV, Private Sector Fund-raising, presents an introduction, objectives, strategies, budgeted income and expenditures, and human resources, as well as a review of the Fund-raising Development Programme.

Chapter V, Operations and Finance, presents an introduction, objectives, strategies, budgeted expenditures and human resources.

Chapter VI, Regional support centres and UNICEF field offices, presents an introduction, objectives, strategies, budgeted income and expenditures, and human resources.

Chapter VII, Medium-term plan, 1996-2000, presents planned income and expenditures for the next five years.

Chapter VIII contains the draft decisions for Executive Board approval relating to the GCO budget for the 1996/1997 fiscal year.

* E/ICEF/1996/13.

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CONTENTS

		Paragraphs	Page
I.	OVERVIEW	1 - 26	4
II.	DIRECTOR'S OFFICE	27 - 30	13
III.	PRODUCT LINE AND MARKETING	31 - 60	16
IV.	PRIVATE SECTOR FUND-RAISING	61 - 84	24
V.	OPERATIONS AND FINANCE	85 - 92	32
VI.	REGIONAL SUPPORT CENTRES AND UNICEF FIELD OFFICES	93 - 109	38
VII.	MEDIUM-TERM PLAN, 1996-2000	110 - 112	45
VIII.	DRAFT DECISIONS	113	47

List of tables

1.	GCO income statement - 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget	10
1A.	Summary of consolidated expenditures - 1995 budget, 1995 latest estimates and 1996 proposed budget	11
2.	GCO core and project posts: 1995 budget and 1996 proposed budget	12
3.	Director's Office: actual expenditures for 1994, 1995 budget, 1995 latest estimates and 1996 proposed budget	14
4.	Director's Office: core and project posts, 1995 budget and 1996 proposed budget	15
5.	Product Line and Marketing Group: income and expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget	22
6.	Product Line and Marketing Group: core and project posts, 1995 budget and 1996 proposed budget	23
7.	Private Sector Fund-raising Group: income and expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget	30
8.	Private Sector Fund-raising Group: core and project posts, 1995 budget and 1996 proposed budget	31
9.	Operations and Finance Group: expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget	36
10.	Operations and Finance Group: core and project posts, 1995 budget and 1996 proposed budget	37

CONTENTS (continued)

Page

11. Regional support centres and UNICEF field offices: income and expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget 43

12. Regional support centres and UNICEF field offices: core and project posts, 1995 budget and 1996 proposed budget 44

13. GCO medium-term plan: 1994 actual, 1995 budget, 1995 latest estimates, 1996 proposed and 1997-2000 projections 46

Annexes

I. RANGE OF BUDGETED INCOME AND EXPENDITURES FOR THE FISCAL YEAR 1 MAY 1996-30 APRIL 1997 49

II. PRIVATE SECTOR FUND-RAISING NET PROCEEDS: 1992-1994 ACTUAL, 1995 LATEST ESTIMATES AND 1996 PROPOSED 50

III. PRODUCT LINE AND MARKETING: SUMMARY OF CARD SALES BY REGION, 1992-1996 52

III-A. PRODUCT LINE AND MARKETING: CARD SALES BY REGION, 1992-1996 NATIONAL COMMITTEES 53

III-B. PRODUCT LINE AND MARKETING: CARD SALES BY REGION, 1992-1996 UNICEF FIELD OFFICES 54

IV. CENTRAL AND EASTERN EUROPEAN NATIONAL COMMITTEES DEVELOPMENT PROGRAMME: 1995 LATEST ESTIMATES AND 1996 PROPOSED BUDGET ... 55

V. SUMMARY OF NET OPERATING INCOME BY FUNCTIONAL GROUP SHOWING EFFECT OF ALLOCATION (1 MAY 1995-30 APRIL 1997) 56

VI. DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES (ESTABLISHED/ABOLISHED/CONVERSIONS) 57

VII. DETAILS OF INTERNATIONAL PROFESSIONAL POST RECLASSIFICATIONS BY GRADE AND OFFICE: 1996-1997 PROPOSED 58

VIII. MARKET DEVELOPMENT PROGRAMME STATUS REPORT, 1 MAY 1995-30 APRIL 1996 59

IX. FUND-RAISING DEVELOPMENT PROGRAMME 64

(a) STATUS REPORT, 1 MAY 1994-30 APRIL 1995 65

(b) STATUS REPORT, 1 MAY 1995-30 APRIL 1996 70

I. OVERVIEW

A. Introduction

1. In an environment of changing world economies in which government funding for development programmes is not increasing, the need for increased income generation from the private sector continues to grow. UNICEF has long recognized the significance of private sector financial resource mobilization. Through various policy platforms established by the Executive Board and internal management strategies, UNICEF has continued to realize increased income from the private sector.

2. The latest estimates for the 1995 fiscal year indicate overall consolidated net income for UNICEF of $276.6 million, an increase of 5.6 per cent over 1994 actual. Of that total, $161.1 million is for general resources and $115.5 million is for supplementary funds. Consolidated net income for 1996 is projected to be $299.7 million, an increase of 8.4 per cent over 1995 latest estimates. Details related to financial results and projections are included in subsequent chapters of the present document.

3. To continue to meet the UNICEF objective of increasing income from the private sector, Greeting Card and related Operations (GCO) must capitalize on all private sector income-generating opportunities. Together with its partners, GCO will continue to:

(a) Effectively utilize the positive image of UNICEF, and through partnerships with National Committees for UNICEF and UNICEF field offices, pursue income-generating activities with cards, products and private sector fund-raising;

(b) Enhance working relationships with National Committees and UNICEF field offices by strengthening joint work planning and follow-up processes and by encouraging more interdivisional participation and dialogue;

(c) Solidify and build on the leadership presence in emerging markets in Latin American and Asian countries and nurture growth in other geographic areas with the highest market potential by developing and implementing effective strategies.

4. To assist with the above, a consultancy aimed at maximizing net income from card and product sales is under way. The major objectives of the consultancy are (a) to identify markets with the greatest potential for growth and profitability; (b) to develop new and effective marketing strategies; and (c) to identify opportunities to improve structures and processes consistent with the best industry practices. It is anticipated that a preliminary report on the status/findings of this study will be submitted to the Executive Board at its third regular session in September 1996.

5. It is anticipated that recommendations from Management Excellence Programme (MEP) project teams and other consultancies, including the financial systems and supply function studies, will contribute to the attainment of the private sector fund-raising goals.

6. The post of Director, GCO, became vacant in late 1995. In February 1996, the firm of Korn/Ferry International was engaged to assist with the search for suitable candidates.

7. In August 1996, GCO staff in New York will move from their current office location at 333 East 38th Street to UNICEF House. This move will decrease occupancy costs and enhance communications and interactions with other UNICEF divisions.

8. In 1995, GCO implemented Executive Board decision 1995/20 C (E/ICEF/1995/9/Rev.1) with regard to the following:

(a) Renewal of the Fund-raising Development Programme (FDP) with $7 million;

(b) Renewal of the Market Development Programme (MDP) with $4 million;

(c) Expansion of the Central and Eastern European National Committees Development Programme to include four additional National Committees;

(d) Presentation of financial information in the income statement format as presented in table 1 of the GCO work plan and proposed budget;

(e) Discontinuance of the requirement for GCO to present a provisional report.

9. Other initiatives undertaken during 1995 included assisting with the implementation of the Executive Board decisions on the allocation of funds raised from the private sector to Board-approved supplementary funding projects in the country in which the funds were raised as well as to general resources (E/ICEF/1993/14, decision 1993/24 C.2 and E/ICEF/1994/13/Rev.1, decision 1994/A/9 C).

10. In the area of product line and marketing, the trends from 1992-1995 indicate an average annual increase of 3.7 million cards in sales volume and of $4.7 million in gross proceeds. For 1996, the projected sales volume is 166 million cards and gross proceeds of $174 million. This is an increase over 1995 latest estimates of 5 million in sales volume and $9 million in gross proceeds. The net operating income (before MDP) for 1996 is projected at $76.9 million compared to the 1995 latest estimates of $75.7 million. The slow growth in net operating income is attributed to stagnating sales, changes in product mix resulting in higher direct and indirect production costs, higher operating costs and mandatory salary increases.

11. The 1996 projections for cards and products will be attained through consistent pricing strategies, sales through new mass distribution channels, UNICEF gift-shop networks and initiatives funded through MDP and the Central and Eastern European National Committees Development Programme.

12. In addition, improved service to sales partners will be emphasized throughout 1996. This will include reduced lead times from the identification of design to product delivery.

13. In the area of private sector fund-raising, for 1996, the net operating income (before FDP and exhibits) from general resources, is projected at $113 million, compared to the 1995 latest estimates of $93 million. In addition, for 1996, $124.3 million of supplementary funds income is projected, compared to the 1995 latest estimates of $115.5 million. UNICEF is encouraged by the commitment of its National Committees and field offices in priority countries in undertaking new fund-raising initiatives and work on developing donor support for UNICEF efforts on behalf of children. Given the increased competition for private sector funds and the growing scrutiny of private sector donors, approaches must be identified that meet donor needs, and investment funds must be utilized effectively to reach new levels of donor support and income to the organization.

14. Fiscal year 1995 witnessed the launch of major international fund-raising partnerships with (a) Kiwanis International, which pledged to raise $75 million by June 1998 for the elimination of iodine deficiency disorders (IDD); (b)ITT Sheraton in 66 European hotels, in "Sheraton Check Out for Children" for which $1 million was pledged to fund immunization programmes; and (c) Intercontinental Hotels world-wide in "Round Up for Children", which pledged $1 million for general resources.

15. In addition, "Change for Good", with the participations of 10 airlines, raised $3 million in 1995 and continues to be a key UNICEF fund-raising and awareness-raising programme. Atlanta Olympic Aid 1996 is projected to raise significant additional funds for children in 14 countries suffering from civil strife. It is envisaged that several National Committees will have agreements with their National Olympic Committees to raise funds for Atlanta Olympic Aid 1996. In 1996, GCO will continue to focus on expanding cause-related marketing and expanding partnerships with non-governmental organizations.

16. UNICEF field offices have shown promising results in private sector fund-raising. Latin American countries, Argentina and Brazil in particular, demonstrated significant growth. Based on 1995 latest estimates, these two countries alone are projected to generate net proceeds of $11.4 million, an increase of $0.9 million, or 8.6 per cent over 1994 actual results. In the Philippines and Thailand, preliminary test results indicate strong potential as well.

B. Policy issues

17. GCO proposes the review and approval of the following policy issues:

(a) General resources and supplementary funds. Executive Board decisions authorizing UNICEF to receive supplementary funds stipulated that UNICEF should receive such funds only from those bodies that provide significant contributions to UNICEF general resources. General resources fund the core country programme and activities of UNICEF. In view of this, the Executive Director recommends that National Committees ensure that a greater proportion of funds raised by them are channelled to UNICEF general resources. In order to facilitate this effort, UNICEF proposes to revise its FDP guidelines by incorporating a provision requiring that income generated with the support of FDP investments go to general resources except where that income was raised specifically for emergencies or is used, in cooperation with governmental development agencies, to encourage matching fund contributions;

(b) MDP. In 1995, the second year of MDP, GCO invested $2.7 million of MDP funds in 16 countries for 37 initiatives that were within the Executive Board approved budget. The same amount, $2.7 million, also was invested by National Committees, since MDP is a shared investment programme. This programme, limited to National Committees, finances new initiatives and tests for sales expansion through product and market development. For 1996, GCO proposes to continue MDP with a budget of $4 million. A status report on the MDP for the period 1 May 1995 to 30 April 1996 is provided in annex VIII;

(c) FDP. For 1995, the UNICEF Executive Board approved $7 million for FDP. In view of the continued growth in private sector income, and the opportunities foreseen by National Committees as well as UNICEF field offices in priority countries, it is proposed that the Executive Board authorize $7.8 million for 1996. A status report on FDP is provided in annex IX;

(d) GCO fiscal year. In the GCO work plan and proposed budget for 1994 (E/ICEF/1994/AB/L.6 and E/ICEF/1994/CRP.36 and add.1), the Executive Director requested the Executive Board to review the possibility of harmonizing the GCO

fiscal year (1 May-30 April) with the rest of UNICEF (1 January-31 December). The Executive Board, following deliberations at its second regular session of 1994, requested GCO to "review the issue further in conjunction with the timing of Executive Board sessions and the impact of more provisional results becoming the basis for the GCO year-end closure, and present its findings to the Board at a future session" (E/ICEF/1994/13/Rev.1, paragraph 246). The Executive Board in 1995 decided that the Executive Director's proposal to change the GCO fiscal year (E/ICEF/1995/AB/L.9) should be considered further in the context of the management review (E/ICEF/1995/9/Rev.1, decision 1995/20 C.8).

Currently, after the end of each fiscal year (1 May-30 April), GCO prepares its annual financial report. For purposes of consolidation in the UNICEF financial report, GCO also submits its financial accounts for the eight-month period following its fiscal year, i.e., 1 May-31 December. To conform to the UNICEF financial period, GCO financial results, based on its annual financial report and its accounts covering the eight-month period, are "calendarized". The "calendarized" financial results of GCO are consolidated in the UNICEF books of accounts on an annual basis.

In light of the development of the UNICEF unified budget system, review of its accounting system and for increased transparency in reporting and harmonization with the rest of UNICEF, the Executive Director proposes that the GCO fiscal year be changed from 1 May-30 April to 1 January-31 December. The effective date for this change is proposed to be as soon as possible. A plan is being developed with options for implementation as of 1 January 1997 or 1 January 1998;

(e) Advance authorization to print cards and acquire products for the following fiscal year. Because of the GCO business cycle, production timing and international distribution, GCO starts producing and purchasing products one year before the actual sales campaign. In this respect, the Executive Director requires the advance authorization of the Executive Board to incur expenditures related to cost of goods delivered for the following fiscal year.

C. Preparation of the work plan and budget

18. The GCO work plan and proposed budget for 1996 has been prepared taking into account the above-mentioned proposed policies. The budget for the 1996 fiscal year is based on a strategy of implementing the Board decisions taken in 1994 to provide continued investments to expand card and other product sales and to maintain growth in private sector fund-raising income.

19. Consistent with efforts to make the GCO work plan and proposed budget as transparent as possible, the income, expenditure and staffing projections for both GCO income-generating activities, Product Line and Marketing and Private Sector Fund-raising, as well as Operations and Finance support functions and the Director's Office, are each presented separately. Consistent with prior years, the 1996 work plan and proposed budget includes a separate income statement for consolidated GCO activities at UNICEF field offices and regional support centres and is presented in table 11. The cost of goods delivered budget includes the cost of warehousing cards and products. The expenditure estimates for the Director's Office and for Operations and Finance support functions are allocated to the two income-generating activities on the basis of head count for rent and communication costs and of net proceeds for all other expenditures. For financial reporting purposes, the 1995 consolidated GCO income statement (table 1) is presented consistent with the presentation of financial information in the work plan and budget. In table 1, the 1996 proposed budget is based on the medium projection. High and low projections also are provided in annex I for information.

D. Consolidated income and expenditure projections for 1996

20. As indicated in table 1, the GCO net consolidated income for 1996 (general resources and supplementary funds) is projected at $299.7 million ($175.4 million for general resources and $124.3 million for supplementary funds), an increase of $23.1 million (8.4 per cent) over the 1995 latest estimates and $37.7 million (14.4 per cent) more than the 1994 actual. The net operating income - general resources of $175.4 million comprises greeting card and other products of $76.9 million and private sector fund-raising of $113 million, which is offset by non-operating expenses of $14.5 million (see table 1A).

21. Consolidated expenditures for 1996 as summarized in table 1A are projected at $99.8 million. These expenditures include the costs related to the two GCO income-generating activities, i.e., Product Line and Marketing ($59.6 million) and Private Sector Fund-raising ($10.5 million), the operating costs of the Director's Office ($0.8 million) and the Operations and Finance Group ($14.4 million), and other non-operating expenses ($14.5 million). This represents an increase of $12.6 million (14.4 per cent) when compared with the 1995 latest estimates. Of this increase, $4.2 million pertain to the cost of goods delivered in support of the projected increase in sales volume and expanded product mix and reflect the effect of the difference in the applicable exchange rates used for the 1995 and the 1996 budgets. Likewise, $3.2 million pertain to the increase in the operating costs of the Operations and Finance Group, due substantially to the inclusion of operations-related expenses of the regional support centres (previously included in the operating costs of Product Line and Marketing and Private Sector Fund-raising Groups - see paragraphs 55 and 79 below). Additionally, increases in investment funds of $2.1 million ($1.3 million for MDP and $0.8 million for FDP) are to be made available to National Committees and other partners to sustain growth in income. Similarly, the increase of $1.2 million in the operating costs of the Product Line and Marketing Group is due mainly to research and development costs as well as to mandatory salary increases. All other increases have been offset by cost reductions in other areas.

22. The 1996 projected net consolidated income to UNICEF from the private sector of $299.7 million ($175.4 million for general resources and $124.3 million in supplementary funds), as indicated in table 1, will depend on the adjustments required owing to possible exchange rate variations. GCO income and expenditures are subject to currency fluctuations in relation to the United States dollar. In the present document, the December 1995 United Nations exchange rates have been used.

23. The Government of Brazil has provided free office space for the GCO offices in Rio de Janeiro. The regional support centre for Latin America and the Caribbean and the GCO section of UNICEF Brazil in Rio de Janeiro will move to these premises in 1996. The capital expenditure related to this office move for the lease-hold improvements is estimated at $350,000. The corresponding depreciation of these assets is incorporated in the budget of the regional support centre.

E. Human resources

24. It should be noted that while the total number of posts in GCO have increased from 246 in 1995 to 254 proposed for 1996, including a net increase of 7 posts for UNICEF field offices owing to the priority country criteria approved by the Executive Board, the consolidated net income in the corresponding period is projected to increase from $276.6 million to $299.7 million (8.4 per cent).

25. During 1994 and 1995, three UNICEF field offices, Ecuador, the Philippines and Thailand, met the priority country criteria established and supported by the Executive Board based on which GCO could fund two national officer posts and one General Service post in each of the countries. These posts are proposed for establishment in the 1996 fiscal year. On the other hand, two national Professional posts for private sector fund-raising will be abolished at UNICEF field offices in Indonesia and Pakistan.

26. More detailed explanations of the proposed staffing changes by functional group are included in the respective sections of the present document.

Table 1. GCO income statement - 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget

(In millions of United States dollars)

	1994 Actual a/	%	1995 Budget a/	%	1995 Latest estimates	%	1996 Proposed	%	Variance 1996 vs. 1995 Latest Estimates $	Variance 1996 vs. 1995 Latest Estimates %
PRODUCT LINE AND MARKETING										
Gross proceeds	153.6	100.0	156.1	100.0	165.0	100.0	174.0	100.0	9.0	5.5
Less: Commissions (including retention)	34.8	22.7	37.0	23.7	37.7	22.8	39.7	22.8	2.0	5.3
Net proceeds	118.8	77.3	119.1	76.3	127.3	77.2	134.3	77.2	7.0	5.5
Less: Cost of goods delivered	37.3	24.3	36.4	23.3	38.3	23.2	42.5	24.4	4.2	11.0
Operating costs	11.3	7.4	12.2	7.8	13.3	8.1	14.5	8.3	1.2	9.0
Allocated operating costs	6.2	4.0	6.7	4.3	6.8	4.1	7.9	4.5	1.1	16.2
Provision for doubtful accounts	1.4	0.9		0.0		0.0		0.0	0.0	0.0
Add: Other income - net	7.7	5.0	7.5	4.8	6.8	4.1	7.5	4.3	0.7	10.3
Net operating income - Product Line and Marketing	70.3	45.8	71.3	45.7	75.7	45.9	76.9	44.2	1.2	1.6
PRIVATE SECTOR FUND-RAISING										
Net proceeds - general resources	84.3		105.2		108.0		130.0		22.0	20.4
Less: Operating costs	7.3		9.5		9.5		9.7		0.2	2.1
Allocated operating costs	4.3		5.5		5.5		7.3		1.8	32.7
Net operating income - Private Sector Fund-raising b/	72.7		90.2		93.0		113.0		20.0	21.5
Net operating income - consolidated	143.0		161.5		168.7		189.9		21.2	12.6
Non-operating expenses:										
Less:										
Market Development Programme	2.3		4.0		2.7		4.0		1.3	48.1
Fund-raising Development Programme	4.8		7.0		7.0		7.8		0.8	11.4
Exchange rate adjustment	-10.1		-		-4.0		-		4.0	0.0
Prior years' adjustments	0.6		-		-		-		-	0.0
Exhibits and related costs	0.1		0.1		0.1		0.2		0.1	100.0
Office move related costs	-		1.8		0.1		0.7		0.6	600.0
GCO share in UNICEF administrative costs	0.1		0.2		0.2		0.3		0.1	50.0
Central and Eastern European National Committees Development Programme	1.2		1.5		1.5		1.5		0.0	0.0
Net consolidated income - general resources	144.0		146.9		161.1		175.4		14.3	8.9
Add: Supplementary funds - private sector fund-raising (net) b/	118.0		96.9		115.5		124.3		8.8	7.6
Net consolidated income	262.0		243.8		276.6		299.7		23.1	8.4
										%
Card sales volume (millions)	*158*		*162*		*161*		*166*		*5*	3.1

a/ The comparative figures for 1994 and 1995 were restated to conform with the presentation of the 1996 proposed budget.
b/ Total private sector fund-raising income includes general resources and supplementary funds. Supplementary funds income is shown net of house list appeal costs.

TABLE 1A. Summary of consolidated expenditures - 1995 budget, 1995 latest estimates and 1996 proposed budget

(In millions of United States dollars)

	1995 Budget	1995 Latest estimates	1996 Proposed	Variance 1996 vs. 1995 latest estimates	
				$	%
DIRECTOR'S OFFICE					
Operating costs	1.0	1.1	0.8	(0.3)	(27.3)
PRODUCT LINE AND MARKETING					
Commissions - field offices	2.2	2.2	2.6	0.4	18.2
Cost of goods delivered	36.4	38.3	42.5	4.2	11.0
Operating costs	12.2	13.3	14.5	1.2	9.0
Subtotal	50.8	53.8	59.6	5.8	10.8
PRIVATE SECTOR FUND-RAISING					
Operating costs	9.5	9.5	9.7	0.2	2.1
House list - appeal costs	-	-	0.8	0.8	100.0
Subtotal	9.5	9.5	10.5	1.0	10.5
OPERATIONS AND FINANCE					
Operating costs	11.2	11.2	14.4	3.2	28.6
OTHER NON-OPERATING ADJUSTMENTS					
Market Development Programme	4.0	2.7	4.0	1.3	48.1
Fund-raising Development Programme	7.0	7.0	7.8	0.8	11.4
Exhibits	0.1	0.1	0.2	0.1	100.0
Office move related costs	1.8	0.1	0.7	0.6	600.0
GCO share in UNICEF administrative costs	0.2	0.2	0.3	0.1	50.0
Central and Eastern European National Committees Development Programme	1.5	1.5	1.5	-	-
Subtotal	14.6	11.6	14.5	2.9	25.0
TOTAL EXPENDITURES	87.1	87.2 a/	99.8	12.6	14.4

a/ An exchange gain of $4 million is shown in table 1.

Table 2. GCO core and project posts: 1995 budget and 1996 proposed budget

Category and level	1995 Budget	1996 Proposed	Variance 1996 vs. 1995
I. International Professional posts			
D - 2/L - 7	1	1	-
D - 1/L - 6	3	3	-
P - 5/L - 5	14	13	(1)
P - 4/L - 4	26	25	(1)
P - 3/L - 3	31	33	2
P - 2/L - 2	13	12	(1)
P - 1/L - 1	1	1	-
Total international Professional posts	89	88	(1)
II. Local posts			
General Service	132	136	4
National Officer	25	30	5
Total local posts	157	166	9
Total posts	246	254	8

II. DIRECTOR'S OFFICE

A. 1996 objectives

27. The Director's Office provides managerial leadership and guidance to the division in establishing overall objectives, priorities and strategies for GCO, as well as to the development, implementation and monitoring of GCO policies and procedures. The Director ensures regular dialogue on the overall strategic direction of the division with GCO staff, business partners, National Committees, UNICEF field offices, and other UNICEF divisions, including the Division of Financial Management (DFM), Programme Division and the UNICEF Executive Office.

28. The 1996 financial objective of GCO is to generate a net consolidated income of $299.7 million from both Product Line and Marketing and Private Sector Fund-raising ($175.4 million general resources and $124.3 million supplementary funds), an increase of $23.1 million over the 1995 latest estimates and $37.7 million over 1994 actual. (Details for the two income-generating activities are described in the relevant sections below).

B. 1996 strategies

29. The strategies for achieving the above-mentioned objectives are:

(a) To oversee and manage the strategic planning process of the three GCO functional groups, to closely monitor the progress and implementation of the GCO work plan, to improve service to customers and to ensure that the division achieves its established objectives within the budget approved by the Executive Board;

(b) To guide the GCO Management Committee and GCO Budget Committee and to ensure effective communication with the UNICEF Budget Planning and Review Committee (BPRC) with regard to GCO issues;

(c) To facilitate and ensure GCO input to the GCO management review process and to make recommendations on an optimal GCO structure;

(d) To strengthen GCO management and continue effective human resources management, including optimal placement, adequate training and performance monitoring.

C. Analysis of 1996 budget expenditures

30. Budgeted expenditures for the Director's Office include the expenses of the Office of the Director and support staff. Total expenditures for 1996 are forecast at $0.8 million, a decrease of $0.3 million when compared to the 1995 latest estimates. This reduction is due mainly to the transfer of the GCO Personnel Unit to the Division of Human Resources.

Table 3. Director's Office: actual expenditures for 1994, 1995 budget , 1995 latest estimates and 1996 proposed budget

(In thousand of United States dollars)

Expenditures	1994 Actual a/	1995 Approved budget a/	1995 Latest estimates	1996 Proposed budget	Changes 1996 vs. 1995 latest estimates $	Changes 1996 vs. 1995 latest estimates %
Variable staff costs						
Short-term assistance	37	38	38	2	(36)	(94.7)
Staff training	8	5	5	5	-	-
Other variable staff costs b/	2	7	7	2	(5)	(71.4)
Total variable staff costs	47	50	50	9	(41)	(82)
Variable non-staff costs						
Travel	53	45	65	65	-	-
Workshop and conference	69	253	253	232	(21)	(8.3)
Communications and courier services	23	31	27	15	(12)	(44.4)
Office supplies	1	3	2	1	(1)	(50.0)
Furniture and office equipment	-	5	5	1	(4)	(80.0)
Other variable non-staff costs c/	3	8	8	7	(1)	(12.5)
Total variable non-staff costs	149	345	360	321	(39)	(10.8)
Fixed staff costs						
International Professional staff	281	235	258	208	(50)	(19.4)
General Service staff	345	300	280	150	(130)	(46.4)
Total fixed staff costs	626	535	538	358	(180)	(33.5)
Fixed non-staff costs						
Office rent and maintenance	107	121	121	60	(61)	(50.4)
Total fixed non-staff costs	107	121	121	60	(61)	(50.4)
Total expenses	929	1,051	1,069	748	(321)	(30.0)
Less allocation						
Product Line and Marketing	552	579	600	398	(203)	(34.0)
Private Sector Fund-raising	378	472	469	351	(118)	(25.1)
Total expenses after allocation	-	-	-	-	-	-

a/ The figures for 1994 and 1995 have been restated to conform with the 1996 presentation.
b/ Overtime .
c/ Miscellaneous supplies and services and hospitality.

Table 4. Director's Office: core and project posts, 1995 budget and 1996 proposed budget

Category and level	1995 Budget	1996 Proposed	Variance 1996 vs. 1995
I. International Professional posts			
D - 2/L - 7	1	1	-
D - 1/L - 6	-	-	-
P - 5/L - 5 a/	1	1	-
P - 4/L - 4	-	-	-
P - 3/L - 3	-	-	-
P - 2/L - 2	-	-	-
P - 1/L - 1	-	-	-
Total international Professional posts	2	2	-
II. Local posts			
General Service	2	2	-
National Officer			-
Total local posts	2	2	-
Total posts	4	4	-

a/ This refers to the post of internal auditor funded from the GCO budget.

III. PRODUCT LINE AND MARKETING

A. Introduction

31. In 1996, GCO expects the Product Line and Marketing Group to continue steady sales increases in all regions that began in 1993. In 1993, the trend of declining sales was reversed with sales partners in National Committees and UNICEF field offices increasing sales volumes by 3 million cards to 154 million. In 1994, an increase of 4 million cards was reported. In 1995, latest estimates show another increase of 3 million cards for a total of 161 million UNICEF cards sold. This represents an increase in volume of 1.9 per cent over the 1994 actual.

32. For 1994, the corresponding gross proceeds are $153.6 million, an increase of 11.2 per cent over 1993. It is expected that 1995 gross proceeds will reach $165.0 million, an increase of 7.4 per cent over 1994.

33. For 1996/1997, sales volume of 166 million cards is proposed, an increase of 3.1 per cent over the 1995 latest estimates, with gross proceeds of $174.0 million, an increase of $9.0 million (5.5 per cent) over the 1995 latest estimates.

34. While UNICEF remains the market leader in the not-for-profit greeting card market, the proliferation of competition puts this coveted position as market leader at risk, as already indicated by a slowing of sales growth in UNICEF card and other products. A solid assessment of market position, an analysis of growth potential in new markets (i.e., some Asian markets) and in stagnant markets (i.e., North America), and actionable recommendations which detail marketing strategies are the most important objectives for the Product Line and Marketing Group for the fiscal year 1996.

B. 1996 objectives

35. The Product Line and Marketing Group will continue its efforts and initiatives in product development, market development and market research to reach, in coordination with National Committees and UNICEF field offices and other partners, the following agreed upon objectives:

(a) To achieve global sales of 166 million cards, a projected increase of 5 million cards, or 3.1 per cent over the latest 1995 estimates;

(b) To increase gross proceeds to $174.0 million, a projected increase of $9.0 million, or 5.5 per cent over the latest 1995 estimates;

(c) To achieve a net operating income of $76.9 million after the allocation of operating costs but prior to investment in MDP funds;

(d) To continue the testing of sales expansion strategies, including the shared investment programme through MDP, to increase income for UNICEF programmes;

(e) To actively support the MEP and facilitate change in those areas where new solutions are proposed.

C. 1996 strategies

36. The Product Line and Marketing Group will emphasize marketing strategies that will increase sales and income in two key areas: card sales to the corporate sector; and distribution through retail partnerships. Through these strategies, the Product Line and Marketing Group will assist National Committees, UNICEF field offices and other sales partners to reach the 1996

objectives of an additional 5 million card sales and an increase in gross proceeds by $9 million over the 1995 latest estimates. To this end, the strategies in Product Line and Marketing sections are as follows:

(a) In the area of card and other product development:

(i) To develop a special line of single cards for all-year occasions for sale through both UNICEF shops and commercial retail outlets. These single cards are developed specifically for different card-sending occasions. They are characterized by special designs, treatments and messages, greetings and individual packaging;

(ii) To systematically start a licensed product line as a parallel product line;

(iii) To facilitate, in cooperation with Operations and the management information system (MIS), marketing access to inventory cards and products in both GCO and National Committee stocks;

(iv) To systematically develop cards for the corporate market, taking into account special copyright considerations and national needs;

(b) In the area of market development:

(i) To develop and implement sales development plans in select countries with identified but yet untapped high additional potential;

(ii) To develop sales policies for the corporate market which address the specific needs of individual market situations;

(iii) To implement accompanying marketing strategies for the corporate market, such as telemarketing, personal sales calls and customizing service for cards, which will increase response rates and sales volumes and maximize income;

(iv) To recommend a specific product mix for UNICEF shop networks and provide appropriate accompanying promotional materials;

(v) To evaluate, in conjunction with the Finance Section, tax situations in key markets for both retail and other channels and propose measures to facilitate market development;

(c) In the area of market research:

(i) To analyse product lines for all distribution channels, including corporate and retail sales;

(ii) To establish a database of market position for GCO in key countries;

(iii) To thoroughly analyse the position and offer of UNICEF competition;

(iv) To test market reaction to single card product line in the retail environment in select National Committees, with an emphasis on customer and potential competition;

(v) To test consumer reaction to GCO communication materials, specifically in direct mail and retail distribution channels.

D. Central and Eastern European National Committees Development Programme

37. In 1992, the Executive Board approved a three-year Central and Eastern European National Committees Development Programme to assist National Committees in covering management costs and expenditures for raising awareness for general advocacy, information dissemination, sales network expansion and donor constituency building (E/ICEF/1992/AB/L.6 and E/ICEF/1992/14, decision 1992/40).

38. The initial investment of $530,000 was supplemented by 100 per cent retention of sales proceeds for a period of three years.

39. According to the Board-approved formula, starting in 1995, National Committees are contributing 20 per cent to UNICEF, and this rate will go up to 40 per cent in 1996, 60 per cent in 1997 and the usual 75 per cent of the gross proceeds in 1998 and thereafter.

40. In addition to 10 countries with National Committees presently in the region (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia), some other countries in the region also have started selling UNICEF cards and products with the assistance of their respective field offices (Albania, Croatia and The former Yugoslav Republic of Macedonia). The initial results are encouraging.

41. Parallel to the generally improving economic conditions in the region, sales of cards have been growing at an encouraging rate from 4.8 million units in 1992 to 6.3 million in 1993, 7.2 million in 1994 and an estimated 7.3 million in 1995.

42. This growth in volume has been exceeded by the growth in gross proceeds resulting from a consistent pricing policy and expansion of the product mix through the second cycle strategy. Compared to 1992, gross proceeds of $1.8 million increased to $2.3 million in 1993 and to $3.2 million in 1994, and the latest estimates for 1995 are projected at $3.4 million. Plans for 1996 call for 7.4 million in cards sales and $4.1 million in gross proceeds.

43. The cost of the Central and Eastern European National Committees Development Programme, which has been extended from the original 6 countries to 10 in 1995 (Slovenia, with the highest sales in the region contributes the usual 75 per cent), amounts to $0.8 million in 1993, $1.2 million in 1994 and $1.5 million in 1995, and projected costs in 1996 remain at $1.5 million. Projected overall contribution to UNICEF from all Central and Eastern European countries is $1.2 million in 1995 and $2.0 million in 1996.

E. Market Development Programme

44. The terms of reference for MDP are based on the premise of testing investment opportunities with substantial start-up costs and long-term sales volume potential, as well as alternative distribution channels or reinforcing particularly successful ones. The programme also was established as a cost-shared partnership between participating National Committees and GCO. The Executive Board recognized that the success of such investments are measured over the long term and, therefore, approved the establishment of MDP for a five-year period, with annual approval of the budget allocation (E/ICEF/1994/13/Rev.1, decision 1994/A/9 c.3).

45. For 1996, with the increased interest of National Committees in this investment fund, $4.0 million are proposed, which is the same level as in the 1995 approved budget and $1.3 million higher than the 1995 latest estimates. Market development officers, using the positive results of tests done in 1995,

will assist other National Committees with marketing opportunities that proved successful in 1995 either to be tested in additional markets or to be expanded further in markets where the tests had proved successful.

1994 projects

46. During the 1994-1995 campaign period, 16 National Committees implemented a total of 27 MDP projects. The projects ranged from sales to the corporate sector, to establishing a network of UNICEF card and gift shops, to strengthening direct mail channels. The overall 1994 card volume increase over 1993 was 4 million units. Notable examples were Spain, with additional sales of 1.4 million cards through a mass distribution channel funded by MDP; the United States of America, with an increase of close to 500,000 cards sold to the business sector through an MDP-funded initiative; and Australia, which launched its first corporate sales campaign, funded by MDP, resulting in incremental sales of over 200,000 units. The sales increases of the Italian and German Committees in 1994 also were aided by MDP-funded projects.

1995 projects

47. A total of 16 National Committees participated in the 1995 MDP with 37 projects. Sales initiatives tested with MDP funds included multi-level volunteer sales networks, mass distribution channels, UNICEF shops, targeting advertising/direct response tests and single card sales. Preliminary sales results are encouraging particularly with increased volumes reported from France, Germany, Italy, Spain and Switzerland aided by MDP-funded projects.

48. Provisional results indicate that Spain's MDP project has achieved incremental sales volume of over 2.0 million cards and incremental gross proceeds of over $1.5 million. In Italy, the daily newspaper advertising campaign, supported by MDP, promoted sales in 18,000 outlets across the country. Overall sales increased significantly as a result. In Switzerland, a third mail-order campaign, made possible through MDP support, exceeded the MDP project objectives by generating incremental gross proceeds of $923,000. Three model UNICEF Shops were operated in Canada as a result of MDP support. In the few months that these shops have been open, approximately 500,000 additional cards were sold, generating over $300,000 in gross proceeds. (For the status report on MDP for the period 1 May 1995 to 30 April 1996, see annex VIII.)

F. 1996 budgeted income levels

49. Sales volume for 1996 is projected at 166 million cards, an increase of 5 million cards (3.1 per cent) when compared with the 1995 latest estimate of 161 million (see table 5). The increase in the 1996 sales volume is projected on the basis of returns from MDP investments made in key markets during 1994 and 1995 and new strategies initiated in 1995 and planned for in 1996. Annex III summarizes the jointly prepared 1996 card sales volume forecast for each major market by GCO sales region compared with the 1995 budget, the 1995 latest estimates and 1992-1994 actual. Annex III-A provides the details of National Committees' sales, while annex III-B provides the details for major markets in priority country UNICEF field offices.

50. Gross proceeds from product sales for 1996 are expected to range from a low of $170.0 million to a high of $178.0 million (see annex I). The medium projection is $174.0 million, an increase of $9.0 million (5.5 per cent) when compared to the 1995 latest estimates.

51. The net proceeds for 1996 are projected at $134.3 million, $7.0 million (5.5 per cent) higher than the 1995 latest estimates. This is after the amounts retained by National Committees ($37.1 million) and commissions paid to consignees by UNICEF field offices ($2.6 million).

52. Other income for 1996 is projected at $7.5 million, $0.7 million higher than the latest 1995 estimate. This includes royalties from the sale of licensed products, donations generated from brochures and order forms, bank interest and discounts realized on purchases.

53. For 1996, the net operating income from the Product Line and Marketing Group (after the allocation of operating costs, but before the provision for doubtful accounts and MDP) is projected at $76.9 million (44.2 per cent of gross proceeds), an increase of $1.1 million (1.5 per cent) when compared to the 1995 latest estimates.

G. Analysis of 1996 budgeted expenditures

54. For 1996, total expenses for the Product Line and Marketing Group, including commissions paid to consignees by UNICEF field offices ($2.6 million), are projected at $59.6 million. This compares with the latest estimates for 1995 of $53.8 million, comprising total expenses ($51.6 million) and commissions paid to consignees by UNICEF field offices ($2.2 million). This increase is due primarily to the negative effect of the difference in applicable exchange rates used for the 1995 and 1996 budgets amounting to $2.4 million; higher cost of goods for increased volume and changed product mix of $1.8 million; mandatory salary increase of $0.7 million; the increase in research and development costs for new initiatives such as single cards, consumer/corporate brochures, the GCO awareness and image study, etc., of $0.5 million; and the increase in commissions paid to consignees by UNICEF field offices of $0.4 million and other operating costs ($0.4 million). This is partially offset by a net reduction in costs at the regional support centres and UNICEF field office expenses ($0.4 million).

55. Starting with the 1996 fiscal year, costs related to Operations and Finance at regional support centres are presented separately from those related to Product Line and Marketing and Private Sector Fund-raising. This explains the reduction in the regional support centres' expenses related to Product Line and Marketing as reflected in table 5. Expenses related to that Group at the regional support centres are now included in the expenses of Operations and Finance Group presented in table 9.

H. Human resources

56. Following a review of the licensing function within Product Line and Marketing, the potential for such income and the actual income generated, it is proposed that this function be done through market development officers and fund-raising support officers in direct cooperation with National Committees. Therefore, it is proposed to abolish in 1996, the L-4 licensing officer post in New York.

57. After the establishment of the Market Research Section with capacity in both New York and Geneva, it has become apparent that support functions at the General Service level in both New York and Geneva are not actually needed. Therefore, it is proposed to abolish these posts, one from each location in New York and Geneva.

58. In order to strengthen the area of inventory management, a new L-2 post of assistant inventory management officer is being established and an existing post of assistant order and distribution officer is being upgraded from L-2 to L-3 as

of May 1996. Both posts are located in Geneva. A previously approved L-2 post of assistant order and distribution officer in New York was actually established at a lower General Service level in accordance with the classification results of the post. A market development officer post in New York is being downgraded from the L-4 to the L-3 level.

59. To ensure strengthening of the information area, it is proposed to upgrade the existing post of information officer in Geneva from P-3 to P-4.

60. As a result of the above changes, the total number of posts in the Product Line and Marketing Group in 1996 will decrease by 2 to 54 posts, comprising 24 international Professional (25 in 1995) and 30 General Service (31 in 1995).

Table 5. Product Line and Marketing Group:

Income and expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget

	1994 Actual a/	%	1995 Approved budget a/	%	1995 Latest estimates	%	1996 Proposed budget	%	Changes 1996 versus 1995 latest estimates	
Card sales volume (millions)	158		162		161		166		5	3.1
	(In thousands of United States dollars)								$	%
Gross proceeds	153,618	100	158,100	100	165,000	100	174,000	100	9,000	5.5
Less: National Committees' retention	32,976	21.5	34,826	22.3	35,420	22.8	37,059	21.3	1,639	4.6
Commissions paid by field offices	1,809	1.2	2,174	1.4	2,250	1.4	2,641	1.5	391	17.4
Net proceeds	118,833	77.4	119,100	76.3	127,330	77.2	134,300	77.2	6,970	5.5
Direct production costs	24,088	15.7	22,556	14.4	23,435	14.2	25,658	14.7	2,223	9.5
Indirect production costs										
Plant/shipping/warehouse/storage regional support centres	3,766		3,974		4,136		4,912		776	18.8
Freight from GCO warehouse	1,877		1,890		1,890		2,035		145	7.7
Duties and taxes	1,662		1,709		1,801		1,915		114	6.7
Promotional materials	5,931		6,248		7,007		7,980		973	13.9
Total indirect production costs	13,236	8.6	13,821	8.9	14,834	9.0	16,842	9.7	2,008	13.5
Variable staff costs										
Short-term assistance	249		228		359		511		152	42.3
Staff training	56		50		50		50		-	-
Other variable staff costs b/	-		1		1		1		-	-
Total variable staff costs	305	0.2	279	0.2	410	0.2	562	0.3	152	37.1
Variable non-staff costs										
Travel	341		294		335		374		39	11.6
Workshops and conferences	431		108		106		61		(45)	(42.5)
Communications and courier services	155		188		201		250		49	24.4
Office supplies	26		43		43		36		(7)	(16.3)
Furniture and office equipment	37		51		51		79		28	54.9
Computer equipment and computer supplies	-		-		-		44		44	100.0
Other variable non-staff costs c/	24		50		77		75		(2)	(2.6)
Total variable non-staff costs	1,014	0.7	732	0.5	813	0.5	919	0.5	106	13.0
Fixed staff costs										
International Professional staff	2,562		2,953		3,102		3,499		397	12.8
General Service staff	2,064		2,489		2,636		2,985		349	13.2
Allocations market research staffing to PSFR	(245)		(299)		(312)		(351)		(39)	12.5
Total fixed staff costs	4,381	2.9	5,143	3.3	5,426	3.3	6,133	3.5	707	13.0
Fixed non-staff costs										
Office rent and maintenance	571		658		605		777		172	28.4
Fixed non-staff costs	571	0.4	658	0.4	605	0.4	777	0.4	172	28.4
Research and development costs	578	0.4	776	0.5	751	0.5	1,221	0.7	470	62.6
Field offices' expenses	3,435	2.2	3,468	2.2	3,984	2.4	4,170	2.4	186	4.7
Regional supports centres' expenses	997	0.6	1,149	0.7	1,317	0.8	733	0.4	(584)	(44.3)
Total expenses	48,605	31.6	48,582	31.1	51,575	31.3	57,015	32.8	5,440	10.5
Add: Other income	7,675	5.0	7,500	4.8	6,800	4.1	7,500	4.3	700	10.3
Net operating income before allocation	77,903	50.7	78,018	50.0	82,555	50.0	84,785	48.7	2,230	2.7
Less: Allocation of operating costs										
Director's Office	552		579		600		398		(202)	(33.6)
Operations and Finance	5,646		6,122		6,204		7,526		1,323	21.3
Net operating income after allocation	71,705	46.7	71,317	45.7	75,751	45.9	76,861	44.2	1,109	1.5
Less: Provision for doubtful accounts	1,344		-		-		-		-	-
Net operating income before MDP	70,361		71,317		75,751		76,861		1,109	1.5
Less: MDP	2,326		4,000		2,700		4,000		1,300	48.1
Net operating income after allocation and MDP	68,035	44.3	67,317	43.1	73,051	44.3	72,861	41.9	(190)	(0.3)

a/ The figures for 1994 and 1995 have been restated to conform with the 1996 presentation.
b/ Overtime.
c/ Miscellaneous supplies and services, subscriptions, on-line services, advocacy materials, complimentary cards, insurance, legal fees and hospitality.

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Table 6. Product Line and Marketing Group: core and project posts, 1995 budget and 1996 proposed budget

Category and level	1995 Budget	1996 Proposed	Variance 1996 vs. 1995
I. International Professional posts			
D - 2/L - 7	-	-	-
D - 1/L - 6	1	1	-
P - 5/L - 5	4	4	-
P - 4/L - 4	5	4	(1)
P - 3/L - 3	9	10	1
P - 2/L - 2	6	5	(1)
P - 1/L - 1	-	-	-
Total international Professional posts	25	24	(1)
II. Local posts			
General Service	31	30	(1)
National Officer	-	-	-
Total local posts	31	30	(1)
Total posts	56	54	(2)

IV. PRIVATE SECTOR FUND-RAISING

A. Introduction

61. Growth in income from private sector fund-raising in 1995 was impacted favourably by the following factors:

(a) Management reform in a number of National Committees aimed at improving their effectiveness;

(b) Efforts to convert one-time emergency donors to regular or pledge donors;

(c) Improved joint private sector fund-raising work planning between National Committees and GCO.

62. The increased professionalism of National Committees and UNICEF field offices as well as closer cooperation between them and the fund-raising support officers team at GCO, improved knowledge of respective markets and the competition through market research efforts, and the timely provision of fund-raising materials to meet the needs of partners each had a positive influence.

63. Particular attention was provided to support those National Committees undergoing management review and/or eager to be more active in private sector fund-raising.

64. In line with the Agreement of Collaboration of the International Olympic Committee and UNICEF dated 20 January 1994, during the period of the Olympic Games in Atlanta, Georgia (United States) in July 1996, UNICEF will attempt to accelerate activities on behalf of vulnerable children in 14 countries where civil strife exists. The United States Committee for UNICEF, working closely with the Division of Public Affairs (DPA) and GCO, was able to sign an agreement with the Atlanta Committee for the Olympic Games and the United States Olympic Committee authorizing it to organize Atlanta Olympic Aid 1996 to raise funds to help vulnerable children in zones of civil strife around the world. It is expected that by the present Executive Board session, 10 additional key National Committees for UNICEF will have signed similar agreements with their respective National Olympic Committees.

65. Efforts to consolidate private sector fund-raising activities in developing countries where they are already in progress have provided tangible proof of the potential of these markets, and the willingness of individuals and corporations to support UNICEF in its efforts to help children in these countries and beyond. This has been notable in a number of countries in Latin America, especially Argentina and Brazil. The priority given to private sector fund-raising by the UNICEF Regional Director for Latin America and the Caribbean and the representatives in this region, coupled with the efforts of the GCO regional support center in Rio de Janeiro, have shown that the potential is real and substantial. Tapping this potential will enable UNICEF and the Governments of the region to make financial resources available to programmes for children beyond those available through national budgets, UNICEF general resources contributions and funds made available to these countries by donor Governments and other donor agencies. In Asia, extremely promising early results in private sector fund-raising have been achieved in the Philippines and Thailand. Market research is under way in an increasing number of other countries. UNICEF field offices in priority countries have worked closely with the GCO Regional Support Centres in Rio de Janeiro and Singapore and the UNICEF regional offices in each of these regions to ensure that governmental approval for private sector fund-raising is received, that staff responsible for private sector fund-raising are recruited, oriented and trained, and that planned activities are tested to assess their feasibility.

66. Progress in private sector fund-raising in Central and Eastern Europe by UNICEF National Committees remains slow. This is understandable given the amount of time these National Committees need to adjust to the new realities in their respective markets. Progress, however, has been made in Hungary and Poland. GCO will continue to provide support as requested to help develop these markets once the National Committees in these countries have solid experience in moving ahead on the product marketing side and are ready to move into the area of private sector fund-raising.

67. With the growing importance of the private sector as a source of additional funding for UNICEF programmes, there is an ever increasing need for additional research and development funds to test new initiatives and for FDP resources to help National Committees and UNICEF field offices invest in developing their market potential, expanding their respective donor bases and extending their capacity to raise more funds on a sustained basis. For the third year in a row, the Private Sector Fund-raising Group in GCO has put special emphasis on making additional savings in its operational costs, while expanding the investment funds available to support partners.

68. In line with the outcome of the review of fund-raising kits conducted in 1994, attention was shifted in 1995 towards the production of the following:

(a) Thematic kits to be used by National Committees as raw materials for preparing their direct marketing materials, two such kits were produced: one focused on "Children Innocent Victims of War", while the other focused on "Children in Need of Special Protection". Additionally, two country-specific kits - one on the Sudan and another on Cambodia - were produced;

(b) Fund-raising packages related to specific techniques of fund-raising: one on legacies and another on pledge giving;

(c) A kit for corporate fund-raising in conjunction with Olympic Aid. This kit will allow National Committees and UNICEF field offices which will undertake fund-raising for Olympic Aid to approach corporations.

B. 1996 objectives

69. GCO aims to continue to provide strong support to National Committees, UNICEF field offices and other partners to achieve and sustain a minimum annual growth rate of 15 per cent in funds raised from the private sector. GCO will continue to work with National Committees to find ways and means by which funds raised can be allocated to UNICEF general resources.

70. In 1996, the Private Sector Fund-raising Group will continue to provide technical and material support and guidance to National Committees, UNICEF field offices in priority countries and other partners in the planning and implementation of their private sector fund-raising activities.

71. The projected net proceeds for 1996 from private sector fund-raising are estimated at $254.3 million, of which $130.0 million are for general resources and $124.3 million for supplementary funds. This projection is based on consultations with National Committees, UNICEF field offices and other partners.

72. The above targets are believed to be achievable given the following:

(a) The added exposure that UNICEF will get in 1996 from its association with the Olympic Games in Atlanta and related Olympic Aid activities in an anticipated dozen key countries around the world;

(b) Income from the Kiwanis International initiative to raise $75 million for the eradication of IDD by 1998, of which $10 million are expected during 1996;

(c) The focus on the travel industry and related growth in international fund-raising programmes such as "Change for Good", now carried out by 10 international airlines, and similar programmes such as the Sheraton Hotels "Check out for Children" and Intercontinental Hotels and Resorts "Round-Up for Children";

(d) The impact of the fiftieth anniversary coin and stamp programmes developed during 1995.

73. GCO will work hand in hand with the UNICEF field offices in priority countries to expand their private sector fund-raising efforts. This effort will capitalize on the results of the assessments of the potential for private sector fund-raising conducted in 1995.

74. GCO will continue to support its partners in achieving the above results through targeting of the human and financial resources at its disposal towards those areas that would provide the highest growth potential, with a particular focus on sustainability. GCO cost increases to support private sector income generation will be maintained at existing levels after making allowances for inflation, while calling for increases in funds available for investments by National Committees and UNICEF field offices growing in line with the projected increases in net proceeds from the private sector.

C. 1996 strategies

75. GCO will achieve the overall objectives in Private Sector Fund-raising through the following strategies working with National Committees, UNICEF field offices and other partners:

(a) In the area of fund-raising support:

(i) To further strengthen the cooperative strategic planning process with National Committees in line with the recommendations of the Working Group on Private Sector Fund-raising, ensuring that plans for developing card and other product marketing by these partners and private sector fund-raising activities are mutually supportive;

(ii) To identify earlier the needs of partners for support to enable better planning of human and financial resources mobilization;

(iii) To keep abreast of developments and opportunities in private sector fund-raising, identifying and testing, with partners, those methodologies that have the potential to increase contributions from the private sector, and capitalizing on this in the international global and regional forums available to learn of the successes and pitfalls of strategies of other non-for-profit organizations;

(iv) To support international appeals from UNICEF field offices to in-house donors or prospects in industrialized countries;

(v) To assist partners further strengthen their approaches to corporations interested in, or with the potential for, cause-related marketing in conjunction with UNICEF and the Olympic Aid initiative; and to help partners with prototype presentation materials to corporations, assisting them to research potential corporate partners and working with them to meet the marketing needs of these

corporations while safeguarding the interests of children and UNICEF;

(vi) To support computerization of the donor bases of partners, preparing and testing prototype planning and reporting tools, professionalizing the analysis and segmentation of donors, automating the receipt and acknowledgment of funds, and planning future direct marketing efforts;

(vii) To strengthen cooperation between UNICEF and its partners, as well as among the partners themselves, through clearing-house functions and share- and compare-activities, as well as through acting as the secretariat for the organization of the meeting of the National Committees Working Group on Private Sector Fund-raising;

(viii) To organize training workshops and other training opportunities for UNICEF field office and regional staff who play a lead role in private sector fund-raising.

(b) In the area of fund-raising materials: To develop fund-raising kits to help partners organize their appeals for contributions, focusing on child labour and immunization, and fund-raising packets on pledge programmes and the use of the Internet for fund-raising as well as on introducing innovations in the presentation of the "Review of the Year", Pocket Diary and the "Catalogue for Child Survival" and other promotional materials aimed at increasing returns from donors and attracting new ones;

(c) In the area of celebrities and events: The following activities are taken within the framework of the Steering Committee on Celebrities and Events chaired by the Director, DPA, and will be carried out by working closely with the Global Advocacy Events and Spokesperson Section of the DPA:

(i) To act as the focal point for celebrities based in Europe, ensuring that the needs of National Committees and UNICEF field offices for European-based celebrities are scrutinized in a professional manner, reviewed and acted upon in line with decisions taken;

(ii) To review fund-raising events proposals received by UNICEF/GCO headquarters, make recommendations on their viability, and, in conjunction with the National Committee or UNICEF field office concerned, follow up with the organizers to ensure that their income is maximized and the name of UNICEF is protected;

(iii) To provide technical support and guidance to National Committees and UNICEF field offices with regard to proposals received by them, and coordinate on their behalf all those aspects that extend beyond their national borders.

(d) In the area of special projects:

(i) To encourage partners to capitalize on the array of UNICEF exhibits and use them to support their fund-raising and advocacy efforts;

(ii) To focus its efforts in 1996 on producing a state-of-the-art interactive exhibit on the Rights of the Child;

(iii) To continue to use the repertoire of exhibits already in existence.

D. 1996 budgeted income levels

76. Net proceeds from UNICEF private sector fund-raising activities for 1996 are projected at $254.3 million, of which $130.0 million are for general resources and $124.3 million for supplementary funds. The general resources component of that amount represents an increase of $45.7 million (54.2 per cent) over 1994 actual and $22.0 million (20.4 per cent) above the latest 1995 estimates.

77. The net operating income for the Private Sector Fund-raising Group for 1996, after the allocation of operating costs and excluding FDP and exhibits, is projected at $237.3 million ($113.0 million for general resources and $124.3 million for supplementary funds), an increase of $28.7 million (13.8 per cent) over the 1995 latest estimates. The $113.0 million for general resources represent an increase of $20.0 million (21.5 per cent) over the latest 1995 estimates and $40.3 million (55.4 per cent) higher than 1994 actual. Detailed projections for 1996 compared with the 1995 latest estimates of net proceeds by country (National Committees and UNICEF field offices) are presented in annex II.

E. Analysis of 1996 budgeted expenditures

78. For 1996, GCO has budgeted expenditures of $9.7 million for private sector fund-raising (excluding FDP, exhibits and house list appeal costs), an increase of $0.2 million (2.7 per cent) over the latest 1995 estimates. The increase is due mainly to increases in research and development costs of $0.6 million and mandatory salary increases of $0.1 million. These increases are partially offset by a reduction of expenses at UNICEF field offices and GCO regional support centres.

79. As of the 1996 fiscal year, costs of the Operations and Finance Group at the regional support centres are presented separately from other functional groups. This explains the reduction in the expenses of regional support centres as reflected in table 7. The operations and finance-related expenses at the regional support centres now are included in the expenses of Operations and Finance Group as presented in table 9.

80. Expenses related to exhibits, required to invest in interactive technology for their production, are projected at $0.2 million, an increase of $0.1 million when compared to the latest 1995 estimates.

81. For increased transparency, as of 1996, expenses related to mailings sent to the house list, which include the cost of the appeal package, postage, maintenance of database, etc., i.e. house appeal costs, are presented separately in table 7. For 1996, these expenses are projected at $0.8 million. Previously house appeal costs were included either in research and development or FDP.

F. Fund-raising Development Programme

82. FDP was initially approved by the Executive Board in 1991 for a three-year period (1991-1993) (E/ICEF/1991/15, decision 1991/35). However, because of its success and invaluable support to GCO partners, the 1994 Executive Board extended FDP for an additional five years (E/ICEF/1994/13/Rev.1, decision 1994/A/9 C.2).

83. Based on the very encouraging results from FDP investments to date (for a detailed status report, see annex IX), GCO proposes a budget of $7.8 million for 1996 representing a $0.8 increase (11.4 per cent). This will facilitate the funding opportunities for expanding donor constituencies which may not be implementable without FDP.

H. Human resources

84. With the additional workload related to expansion of private sector fund-raising activities, an additional General Service post is requested to provide an administrative assistant to the deputy director. With this addition, total staff in the Private Sector Fund-raising Group will be 30 posts (15 international Professional and 15 General Service).

Table 7. Private Sector Fund - raising Group: income and expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget

(In thousands of United States dollars)

	1994 Actual a/	%	1995 Budget a/	%	1995 Latest estimates	%	1996 Proposed budget	%	Changes 1996 vs. 1995 latest estimates	
Net proceeds (general resources)	84,296	100	105,248	100	108,000	100	130,000	100	22,000	20.4
Variable staff costs										
Short-term assistance	48		52		82		84		2	2.4
Staff training	49		50		50		50		-	0.0
Total variable staff costs	97	0.1	102	0.1	132	0.1	134	0.1	2	1.5
Variable non-staff costs										
Travel	288		260		257		248		-9	-3.5
Workshops and conferences	30		59		19		30		11	57.9
Communications and courier services	104		135		135		145		10	7.4
Office supplies	32		70		70		72		2	2.9
Furniture and office equipment	78		33		43		9		-34	-79.1
Rent and maintenance of furniture and office equipment	25		33		33		31		-2	-6.1
Computer equipment and supplies	-		-		-		54		54	100.0
Other variable non-staff costs b/	129		171		171		168		-3	-1.8
Total variable non-staff costs	686	0.8	761	0.7	728	0.7	757	0.6	29	4.0
Fixed staff costs										
International Professional staff	1,646		1,749		1,831		1,915		84	4.6
General Service staff	1,004		1,109		1,145		1,153		8	0.7
Allocation of market research unit costs	245		299		312		351		39	12.5
Total fixed staff costs	2,895	3.4	3,157	3.0	3,288	3.0	3,419	2.6	131	4.0
Fixed non-staff costs										
Office rent and maintenancd	322		410		410		409		-1	-0.2
Total fixed non-staff costs	322	0.4	410	0.4	410	0.4	409	0.3	-1	-0.2
Research and development costs	803	1.0	1,220	1.2	1,220	1.1	1,814	1.4	594	48.7
Field offices' expenses	1,496	1.8	2,775	2.6	2,507	2.3	2,331	1.8	-176	-7.0
Regional support centres' expenses	990	1.2	1,043	1.0	1,168	1.1	842	0.6	-326	-27.9
Total expenses	7,289	8.6	9,468	9.0	9,453	8.8	9,706	7.5	253	2.7
Net operating income before allocation	77,007	91.4	95,780	91.0	98,547	91.2	120,294	92.5	21,747	22.1
Less: Allocation of operating costs										
Director's Office	378		472		469		351		-118	-25.1
Operations and Finance	3,913		5,141		5,035		6,898		1,863	37.0
Net operating income after allocation	72,717		90,166		93,044		113,045		20,002	21.5
Less: FDP	4,847		7,000		7,000		7,800		800	11.4
Less: Exhibits	57		149		56		205		149	266.1
Net operating income after allocation, FDP and exhibits	67,813	80.4	83,017	78.9	85,988	79.6	105,040	80.8	19,053	22.2
Add: Supplementary funds contributions	117,979		96,856		115,549		125,111		9,562	8.3
Less: House list - appeal costs							790		790	100.0
Total supplementary funds contributions (net)	117,979		96,856		115,549		124,321		8,772	7.6
Net operating income, including supplementary funds	185,792		179,873		201,537		229,361		27,825	13.8

a/ The figures for 1994 and 1995 have been restated to conform with the 1996 presentation.
b/ Miscellaneous supplies and services, subscriptions, on-line services, advocacy materials and hospitality.

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Table 8. Private Sector Fund - raising Group: core and project posts, 1995 budget and 1996 proposed budget

Category and level	1995 Budget	1996 Proposed	Variance 1996 vs. 1995
I. International Professional posts			
D - 2/L - 7	-	-	-
D - 1/L - 6	1	1	-
P - 5/L - 5	2	2	-
P - 4/L - 4	4	4	-
P - 3/L - 3	5	5	-
P - 2/L - 2	2	2	-
P - 1/L - 1	1	1	-
Total international Professional posts	15	15	-
II. Local posts			
General Service	14	15	1
National Officer	-	-	-
Total local posts	14	15	1
Total posts	29	30	1

V. OPERATIONS AND FINANCE

A. Introduction

85. The Operations and Finance Group will continue its work in transforming GCO into a high tech operation as it emerges as a major income source for UNICEF to face the coming years. Art imaging on compact disks, and its use in product development, art selection and voting, has been implemented. The next phase will be its expansion into inventory management, production, archiving and art search. Electronic communications that have been widely used and tested in many organizations currently are being used in GCO New York, Geneva, Rio de Janeiro and Singapore. This communication technology enables the immediate and cost-effective electronic transfer of text and data information. In 1993-1994, GCO carried out a production facilities study that evaluated where GCO should produce its products; in 1996, GCO will examine how to improve upon the complete production cycle in its continuing efforts to improve customer service to its partners in the most cost-effective manner. The possibility of producing and/or acquiring new product lines, especially for the single card market, will be evaluated in 1997, with the results of the single card test in six key markets planned for 1996.

B. 1996 objectives

86. The objectives of the Operations and Finance Group are to provide services and support to the division in its efforts to maximize income from the private sector and to secure a stable source of funding for UNICEF programmes. This includes supporting all aspects of managing the division in areas such as policy and procedure development, corporate planning, monitoring and evaluation of all corporate strategies and work plans, and assist in coordination with other UNICEF divisions, especially on financial and technical aspects. Improving customer service in the New York area will receive special attention. The broad objectives of the Operations and Finance Group are:

(a) To further streamline work plan processes and monitoring mechanisms;

(b) To provide financial and administrative services such as financial planning and monitoring, budgeting, accounting and reporting consistent with UNICEF financial regulations and rules to facilitate financially sound decision-making;

(c) To work closely with DFM to ensure a smooth interface with GCO in providing input in the development of the new overall financial and accounting systems of UNICEF;

(d) To complete critical MIS projects, specifically the migration of GCO application systems from WANG VS to another platform;

(e) To ensure that appropriate interface programmes are developed to cope with information flows between GCO, DFM, Programme Funding Office and other computer systems developed and maintained by Information Resources Management (IRM);

(f) To expand the GCO art imaging system to inventory management, art search, marketing, reporting and order forms, with further applications to non-card products;

(g) To enhance warehouse telecommunication capabilities and develop access to GCO inventory products;

(h) To complete the GCO policy and procedure manual for the regional support centres and UNICEF field offices and update and maintain the manual completed for headquarters in Geneva and New York in 1995;

(i) To produce and procure quality cards and other products for sale in a timely and cost-efficient manner, rationalizing the production and delivery of products on a global scale through adequate inventory control, warehousing, procurement and distribution systems;

(j) To support the two regional support centres in Singapore and Rio de Janeiro by providing leadership, management support and guidance to achieve the targeted income projections specifically for the priority field office countries.

C. 1996 strategies

87. In order to achieve the objectives for 1996 described above, the following strategies have been developed:

(a) In the area of overall management:

(i) To strengthen the Finance and MIS Sections to maximize human resources efficiency, thus providing stronger support to global functions such as corporate workplanning, financial control and divisional accountability, and integrated computer information systems;

(ii) To re-engineer GCO work processes in conjunction with the recommendations of MEP and the computer systems under development;

(iii) To improve cooperation with other UNICEF divisions, more specifically DFM, the Office of Administrative Management and IRM, on all matters affecting the work of the Operations and Finance Group;

(iv) To facilitate the smooth move of the GCO New York-based staff to UNICEF House;

(v) To ensure that adequate training in the new computer systems is provided to all staff concerned;

(vi) To improve GCO coordination of various activities which affect customer service, particularly to those partners served by GCO New York. Special emphasis will be put on assuring the timely and cost-effective delivery of products ordered by partners;

(vii) By guiding the Inventory Management Task Force, to make recommendations to the GCO Management Committee on improving GCO overall inventory management and ensure that agreed actions are implemented;

(viii) By adhering to the terms of reference of the Production Review Panel, to improve forecasting, ordering, preparing and monitoring the budget of cost of goods delivered to reduce inventory write-downs, and improve delivery to sales ratios, thereby improving the overall contribution to UNICEF income from product sales;

(b) In the area of planning and coordination:

(i) To monitor and coordinate implementation of inter-sectional and overall GCO work plans and identify for management in a timely manner any substantive deviation or delays from work plans and the potential impact on financial and operational results;

(ii) To further improve the GCO work plan package and enhance the preparation process by providing user training;

(iii) To support the joint work planning process with a few key National Committees;

(iv) To coordinate with regional support centres and relevant headquarters sections in completing GCO policy and procedure manuals for regional support centres and UNICEF field offices;

(c) In the area of finance and administration:

(i) To consolidate and analyse budgets and income projections;

(ii) To ensure that the Executive Board-approved budgets are maintained by providing up-to-date budget monitoring and expenditure control reports to all cost centres;

(iii) To provide management with profitability and performance indicators by income-generating activity, country and region in a timely manner to facilitate decision-making;

(iv) To operationalize the migration process to newly developed computer systems, including the adaptation of existing stand-alone systems, i.e., profitability analysis, budget-related modules, etc.;

(d) In the area of operations:

(i) To continue analysis to be able to respond flexibly to opportunities during a campaign, including more decentralized production, and to employ new technologies whenever applicable and cost efficient (e.g. digital printing);

(ii) To maintain established and agreed schedules of product procurement, production and delivery; and to monitor and identify any deviations and delays in a timely manner to allow for alternative methods of delivery;

(iii) To strengthen quality control procedures for all products, particularly non-card products;

(iv) To compile statistical data, including procurement plans, in cooperation with Finance and MIS Sections, to improve controls, monitoring and guidance of alternative actions; and to address the challenge of decreasing the cost of goods delivered;

(v) To implement recommendations of the Inventory Management Task Force;

(e) In the area of MIS:

(i) To implement the objectives and scope of the system life cycle methodology as contained in Executive Directive CF/EXD/90-008 of 8 June 1990;

(ii) In finalizing the migration from the Wang VS to other new platforms, to prioritize solutions to identified gaps, provide full user training and carry out parallel test with the Wang VS before "live" implementation;

(iii) To develop new modules in alignment with the GCO Art Image Manager System, including the art search, inventory, marketing, order forms and production modules, in order to accelerate the greeting card selection and production process; and to upgrade the LAN and pertinent hardware to accommodate the transmission and access of art images and other data files;

(iv) To coordinate Internet access with IRM for access by sales partners to GCO inventory and order/distribution databases and for private sector fund-raising activities;

(v) To further enhance the GCO field office system and the regional support centre system to allow electronic information exchange and data consolidation between headquarters, regional support centres and UNICEF field offices to facilitate timely reporting and budgetary control;

(vi) To coordinate the smooth transfer of computer systems for the GCO office move in New York to UNICEF House.

D. Analysis of 1996 budgeted expenditures

88. Total expenditures of $14.4 million are projected for 1996, an increase of $3.2 million (28.4 per cent) when compared to the 1995 latest estimates (see table 9). As explained in paragraphs 55 and 79 above, starting in 1996, costs related to Operations and Finance at regional support centres are now included in the Operations and Finance Group (table 9), separate from the other functional groups. Of the total increase of $3.2 million, $1.3 million is attributable to this change in reporting (see table 11 for details). The major part of the increase of expenditures at headquarters is attributable to the costs related to the computer migration project of $0.6 million, the negative effect of the difference in the applicable exchange rates used between the 1995 and the 1996 budgets of $0.6 million, mandatory salary increases of $0.4 million, the cost of depreciation of GCO lease-hold improvements of $0.2 million, and additional staff costs for new posts of $0.1 million. Thus, excluding the mandatory and exchange impact as well as the "technical" increase at regional support centres attributed to a new presentation format, the Operations and Finance Group expenditures increased by $0.7 million, or 6.3 per cent over the 1995 latest estimates.

89. The increases in expenses related to the GCO computer migration project from the WANG platform ($0.6 million) to the new computer platform include the purchase, rental and maintenance of computer equipment ($0.4 million) as well as ongoing customization costs ($0.2 million).

E. Human resources

90. To meet the increased complexity of GCO activities, a new L-3 post of accountant is proposed as of 1996 in the area of finance and accounts. Apart from performing regular accounting functions, this post will focus on financial and profitability analysis by revenue-generating activity necessary for GCO management for timely decision-making.

91. A new General Service post will be established in the area of MIS to support proper documentation of systems.

92. As a result of the above changes, the total number of posts in the Operations and Finance Group in 1996 will increase by 2 to 94 posts, comprising 38 international Professional (37 in 1995) and 56 General Service (55 in 1995).

Table 9. Operations and Finance Group: expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget

(In thousands of United States dollars)

Expenditures	1994 Actual a/	1995 Budget a/	1995 Latest estimates	1996 Proposed budget	Changes 96 versus 1995 latest estimat	
					$	%
Variable staff costs						
Short - term assistance	464	429	542	542	-	0.0
Staff training	85	100	100	116	16	16.0
Other variable staff costs b/	28	38	38	44	6	15.8
Total variable staff costs	577	567	680	702	22	3.2
Variable non-staff costs						
Travel	290	287	281	334	53	18.9
Workshops and conferences	90	33	33	30	-3	-9.1
Communication and courier services	271	289	275	374	99	36.0
Office supplies	90	116	113	113	-	0.0
Furniture and office equipment	54	32	32	50	18	56.3
Rent and maintenance of furniture and office equipment	102	132	112	147	35	31.3
Computer equipment and computer supplies	377	40	60	301	241	401.7
Rent and maintenance of computers	111	448	200	416	216	108.0
Computer software development	238	680	550	680	130	23.6
Other variable non-staff costs c/	161	304	257	313	56	21.8
Total variable non-staff costs	1,784	2,361	1,913	2,758	845	44.2
Fixed staff costs						
International Professional staff	4,331	4,034	4,249	4,422	173	4.1
General Service staff	1,619	2,916	3,081	3,456	375	12.2
Total fixed staff costs	5,950	6,950	7,330	7,878	548	7.5
Fixed non-staff costs						
Office rent and maintenance	840	881	811	1,073	262	32.3
Depreciation	303	354	354	532	178	50.3
Other fixed non-staff costs d/	105	120	120	120	0	0.0
Total fixed non-staff costs	1,248	1,355	1,285	1,725	440	34.2
Research and development costs	-	30	30	15	-15	-50.0
Field offices' expenses	-	-	-	-	0	100.0
Regional support centres' expenses	-	-	-	1,346	1,346	100.0
Total expenses before allocation	9,559	11,263	11,238	14,424	3,186	28.4
Less: allocation						
Product Line and Marketing	5,646	6,122	6,204	7,526	1,323	21.3
Private Sector Fund-raising	3,913	5,141	5,035	6,898	1,863	37.0
Total expenses after allocation	-	-	-	-	-	-

a/ The figures for 1994 and 1995 have been restated to conform with the 1996 presentation.
b/ Staff welfare and overtime.
c/ Miscellaneous supplies and services, subscriptions, insurance, legal fees and external audit.
d/ Payments to UNICEF.

Table 10. Operations and Finance Group: core and project posts, 1995 budget and 1996 proposed budget

Category and level	1995 Budget	1996 Proposed	Variance 1996 vs. 1995
I. International Professional posts			
D - 2/L - 7	-	-	-
D - 1/L - 6	1	1	-
P - 5/L - 5	4	4	-
P - 4/L - 4	11	11	-
P - 3/L - 3	16	17	1
P - 2/L - 2	5	5	-
P - 1/L - 1	-	-	-
Total international Professional posts	37	38	1
II. Local posts			
General Service	55	56	1
National Officer	-	-	-
Total local posts	55	56	1
Total posts	92	94	2

VI. REGIONAL SUPPORT CENTRES AND UNICEF FIELD OFFICES

A. Introduction

93. At its 1994 annual session, the Executive Board approved the establishment of two regional support centres, one in Rio de Janeiro and another in Singapore, to support UNICEF field offices in Latin America and the Caribbean and in Asia, respectively (E/ICEF/1994/13/Rev.1, decision 1994/A/9).

94. Both centres are becoming operational having been fully staffed. The full decentralization of work planning, forecasting, order processing, accounting, statistical data gathering, etc., for the countries within the respective regions to the regional support centres are expected to be completed in the 1996 fiscal year. The regional support centres will be responsible for the processing of all transactions for the field offices within the region and reporting to headquarters for the region, thus ensuring timely review and decision-making.

95. To achieve a better integration of GCO-related activities with the other functions of UNICEF field offices and with the regional external relations strategy, the Executive Director decided that GCO should prepare its work plans and budgets related to UNICEF field offices with the UNICEF representatives, their teams and the respective regional offices. In 1995, the two regional support centre managers met with UNICEF representatives, regional directors and their staff and jointly completed the 1996 GCO work planning exercise.

96. The two regional support centres will be interacting with and monitoring the performance of the countries in their region to provide them with ongoing support. As a result of the involvement of the two regional support centres, understanding and appreciation of UNICEF of the potential and obstacles to raise funds from the private sector in developing countries have been expanded. Market research has been conducted in five Asian and five Latin American countries. The results will form the basis for a systematic and professional penetration of the market to generate significantly increased funds from product line and marketing and private sector fund-raising activities. In a few countries (Argentina and Brazil are good examples), private sector fund-raising activities are already well established and supported by an active communication/information strategy at the field office.

97. The gross proceeds generated by UNICEF field offices from GCO activities in 1995 are projected at $33.8 million, with costs estimated at $17.7 million (excluding FDP), resulting in a net income of $16.2 million (including other income of $0.1 million). Significant increases in private sector fund-raising income are projected for 1996 and 1997.

98. After considering the outcome of situation analyses and market research studies, as well as critically analysing the income generated by UNICEF field offices over the past three years, it has been confirmed that in many countries it is not cost-effective to continue GCO activities. In these countries, it is most unlikely that the situation will change significantly over the short and medium term. A principal constraint in fund-raising in some countries is the absence of formal Government approval to raise funds and tax exemption for donors which GCO will endeavour to obtain with the cooperation of the UNICEF representative and regional office. Therefore, during 1996, GCO will assess the cost-effectiveness of its presence in many of these countries.

B. 1996 objectives

99. The overall objectives of the regional support centres are to assist UNICEF field offices in all activities related to financial resource mobilization from the private sector and to provide technical support in order for each UNICEF field office to achieve its objectives for GCO-related activities. Regional support centres also will assist UNICEF field offices to integrate their activities into a regional context and ensure that GCO activities are closely linked with country programmes and the regional external relations strategy in terms of advocacy, policy and regional private sector resource mobilization. Specific operational objectives of regional support centres are:

(a) To provide the necessary technical assistance to support UNICEF field offices to implement agreed work plans and achieve goals, and to enhance the technical skills of product line and marketing and private sector fund-raising officers in the regions;

(b) To increase income from the sale of cards and other products by expanding the distribution network and introducing a wider product range with flexible selling prices;

(c) To improve profitability from product sales;

(d) To increase revenue and cost-effectiveness from private sector fund-raising activities;

(e) To jointly establish a work plan and budget for 1997.

C. 1996 strategies

100. The strategies for achieving the above-mentioned objectives are:

(a) Overall:

(i) GCO proposes that in 1996 UNICEF further focus its resource mobilization strategy and implementation of the 1996 GCO work plan in developing countries with demonstrated potential for card and other product sales; Government approval and demonstrated potential to raise funds from the private sector; and the potential to become a priority country within the next three to five years, in addition to existing priority countries;

(ii) Although UNICEF in Asia has so far received formal Government approval for private sector fund-raising activities in only two countries, i.e. the Philippines and Thailand, it is a top priority for the regional support centres to try to obtain such approval in all the above mentioned current and "future" priority countries. In Latin America, all six priority countries already have or are in the process of obtaining formal Government approval for private sector fund-raising activities. Therefore, such activities are being pursued actively in these countries;

(iii) The proposed focus in strategy will enhance optimal allocation of regional support centre resources and will have a direct positive impact on support given to priority and potential priority countries in all areas of product line and marketing, private sector fund-raising, operations and finance, and managerial support;

(iv) Executive Board decisions 1993/24 C.2 (E/ICEF/1993/14) and 1994/A/9 C.6 (E/ICEF/1994/13/Rev.1) and the Executive Directive of 20 May 1994 (CF/EXD-IC/1994-005) provided the framework for Financial Circular No. 37 (CD/DFM/1994/29) issued by the UNICEF Comptroller on 17 October 1994 enabling UNICEF field offices to retain locally raised funds for in-country programmes. Based on a BPRC recommendation, GCO will review the cost-benefit of such retention of funds at field offices with a net income of less than $100,000 in terms of processing, administering and monitoring the use of such funds;

(v) BPRC endorsed the GCO recommendation to establish GCO-funded posts in the three UNICEF field offices which had achieved priority status based on the criteria in the Executive Board-approved GCO work plan and proposed budget for 1994. The proposed budget includes the increased costs for these established posts. However, for the purpose of further optimizing resource allocation with focused strategy, during 1996 GCO will revisit the definition of priority countries and criteria for the allocation of additional resources, recommending revisions where necessary;

(b) In the area of product line and marketing:

(i) To develop and implement a regional marketing strategy with an emphasis on a broader product range tailored to the needs of the region;

(ii) To target mail order campaigns to individuals with the adequate profile (including new private sector fund-raising donors);

(iii) To systematically prospect the corporate market;

(iv) To form partnerships with major retail players (point of sale networks and mail order catalogue operations) and commercial networks;

(c) In the area of private sector fund-raising:

(i) To develop and sustain mass appeal activities such as telethons and radiothons with local mass media support;

(ii) To build a solid base for regular annual income from individual supporters through direct mail and marketing campaigns;

(iii) To target the corporate sector for private sector fund-raising support through promotions, donations and approaching their customers and employees;

(d) In the area of operations and finance:

(i) To enhance and develop computerized systems to facilitate processing, documenting and monitoring of GCO activities at UNICEF field offices;

(ii) To establish administrative procedures, document them in the GCO policy and procedures manual for regional support centres/UNICEF field offices and organize training courses for field staff to ensure adherence and implementation.

D. 1995 budgeted income levels

101. For 1996, UNICEF field offices are projected to generate $41.7 million in gross proceeds ($23.0 million from product sales and $18.7 million from private sector fund-raising), an increase of $7.9 million (23.4 per cent) over the 1995 latest estimates. Of this increase, $1.6 million or 7.5 per cent are projected from product sales and $6.3 million, or 50.9 per cent, from private sector fund-raising activities. In product sales, card sales volume is projected to increase to 29.5 million cards in 1996, an increase of 0.9 million cards, or 3.2 per cent over the 1995 latest estimates.

102. The net operating income from UNICEF field offices from both product sales and private sector fund-raising prior to investment in FDP is projected at $22.6 million, an increase of $6.3 million, or 39.1 per cent over the latest 1995 estimates. Of this increase, $1.6 million is attributable to product sales and $6.0 million to private sector fund-raising activities, offset by expenses of $1.3 million in the operations and finance area. After investment in FDP, the net operating income from UNICEF field offices is projected at $20.2 million, an increase of $4.9 million, or 32.0 per cent over the 1995 latest estimates.

E. Analysis of 1996 budgeted expenditures

103. Total operating costs for UNICEF field offices and the GCO regional support centres are projected at $9.4 million, an increase of $0.4 million (5.0 per cent) compared to the 1995 latest estimates. The operating costs include the cost of staffing, travel, conference and liaison service, administrative service, and support for new initiatives in private sector fund-raising and product sales. The increase in expenditures is due mainly to mandatory salary increases of $0.5 million. These increases are partially offset by a reduction in operating costs of $0.1 million. To capitalize on the positive private sector fund-raising tests carried out in 1995, it is proposed to increase the investment in FDP by $1.5 million. This increase is essential to provide the support for the substantial income growth projected from private sector fund-raising-related activities in priority countries.

104. In addition, based on the projected increase in gross proceeds, commissions paid by field offices to consignees for the sale of cards and other products is projected to increase by $0.4 million, $17.4 per cent. For 1996, expenses for private sector fund-raising appeal costs related to house list mailings have been budgeted separately at $0.8 million.

105. For increased transparency, as of 1996, the operating expenses in Operations and Finance are presented in Table 11 separately from other functional groups, as explained in paragraphs 55 and 79 above.

F. Human resources

106. During 1995, Thailand met the criteria established and approved by the Executive Board based on which GCO could fund two national Professional posts and one General Service post. In addition, the Philippines and Ecuador had achieved priority status in 1994. Therefore, it is therefore proposed that two national professional posts and one General Service post be established in the 1996 fiscal year in each of the above three countries.

107. Two national Professional posts for private sector fund-raising will be abolished in 1996 at UNICEF field offices in Indonesia and Pakistan. This is due to the uncertainty of obtaining Government approval for carrying out private sector fund-raising activities and obtaining tax exemption for contributions from donors.

108. Upon establishment of the GCO regional support centres, the L-5 post of regional officer in India was replaced with a national officer post with responsibility for the greeting card operations in India.

109. With these changes, the total staff at regional support centres and UNICEF field offices will increase by 7 to 72 posts, comprising nine international Professional (10 in 1995), 30 national Professional (25 in 1995) and 33 General Service (30 in 1995).

Table 11. Regional support centres and UNICEF field offices :

Income and expenditures for 1994 actual, 1995 budget, 1995 latest estimates and 1996 proposed budget

(In thousands of United States dollars)

	1994	1995	1995 Latest estimates			1996 Proposed budget				Changes 1996 vs. 1995 latest estimates	
	Actual a/	Budget a/	PLM	PSFR	Total	PLM	PSFR	O&F	Total	$	%
Volume of card sales	26,107	27,210	28,583	-	28,583	29,500	-	-	29,500	917	3.2
Gross proceeds	30,551	41,596	21,392	12,427	33,819	22,999	18,748	-	41,747	7,928	23.4
Less: Commissions paid to consignees	1,809	2,174	2,250	-	2,250	2,641	-	-	2,641	391	17.4
Less: PSFR house list - appeal costs	-	-	-	-	-	-	790	-	790	790	100
Net proceeds	28,742	39,422	19,142	12,427	31,569	20,358	17,958	-	38,316	6,747	21.4
Direct costs of goods delivered	4,503	5,083	5,147	-	5,147	5,033	-	-	5,033	-114	(2.2)
Indirect costs	524	106	36	-	36	22	-	-	22	-14	(38.9)
Freight from GCO warehouses	826	978	703	-	703	807	-	-	807	104	14.8
Duties and taxes	12	-	1	-	1	-	-	-	0	-1	(100.0)
Promotional materials	397	560	589	-	589	580	-	-	580	-9	(1.5)
Total costs of goods delivered	6,262	6,727	6,476	-	6,476	6,442	-	-	6,442	-34	(0.5)
Operating expenses:											
Variable selling costs - field offices											
Freight - internal	274	139	212	-	212	241	-	-	241	29	13.7
Storage	182	172	207	-	207	206	-	-	206	-1	(0.5)
Promotional materials	136	113	109	-	109	142	-	-	142	33	30.3
Total variable selling costs - field offices	592	424	528	-	528	589	-	-	589	61	11.6
Variable staff costs											
Short-term assistance	811	1,093	977	374	1,351	799	407	42	1,248	-103	(7.6)
Staff training	-	-	-	7	7	15	39	9	63	56	800.0
Other variable staff costs b/	37	57	31	9	40	28	9	7	44	4	10.0
Total variable staff costs	848	1,150	1,008	390	1,398	842	455	58	1,355	-43	(3.1)
Variable non-staff costs											
Travel	303	321	197	102	299	167	98	74	339	40	13.4
Workshops and conferences	29	56	50	9	59	55	0	-	55	-4	(6.8)
Communications and courier services	200	202	198	92	290	200	75	42	317	27	100.0
Office supplies	232	139	99	24	123	85	32	12	129	6	4.9
Furniture and office equipment	115	192	188	72	260	104	23	9	136	-124	(47.7)
Rent and maintenance of furniture and office equipment	96	15	4	3	7	14	6	9	29	22	100.0
Computer equipment and computer supplies	-	-	4	20	24	47	42	9	98	74	100.0
Rent and maintenance of computers	-	-	-	-	-	3	14	-	17	17	100.0
Computer software development	-	-	-	-	-	3	8	3	14	14	100.0
Other variable non-staff costs c/	86	175	261	52	313	168	18	8	194	-119	(38.0)
Total variable non-staff costs	1,061	1,100	1,001	374	1,375	846	316	166	1,328	-47	(3.4)
Fixed staff costs											
International Professional staff	1,206	1,253	555	540	1,095	200	213	721	1,134	39	3.8
National Professional staff	995	1,337	790	572	1,362	857	613	130	1,600	238	17.5
General Service staff	791	642	527	277	804	660	158	241	1,059	255	31.7
Total fixed staff costs	2,992	3,232	1,872	1,389	3,261	1,717	984	1,092	3,793	532	16.3
Fixed non-staff costs											
Office rent and maintenance	376	327	379	67	446	333	39	30	402	-44	(9.9)
Depreciation	-	5	-	-	-	15	15	-	30	30	100.0
Total fixed non-staff costs	376	332	379	67	446	348	54	30	432	-14	(3.1)
Research and development	1,047	2,188	812	1,454	1,966	561	1,365	-	1,926	(40)	(2.0)
Total operating expenses	6,916	8,436	5,300	3,674	8,974	4,903	3,174	1,346	9,423	449	5.0
Other income	870	114	129	-	129	146	-	-	146	17	13.2
Net operating income before FDP	16,234	24,373	7,495	8,753	16,248	9,159	14,784	(1,346)	22,597	6,349	39.1
Percentage of gross proceeds	53.1	58.6	35.0	70.4	48.0	39.8	78.9		54.1		
Less: FDP	742	1,001	-	942	942	-	2,400	-	2,400	1,458	154.8
Net operating income after FDP	15,492	23,372	7,495	7,811	15,306	9,159	12,384	-	20,197	4,891	32.0
Percentage of gross proceeds	50.7	56.2	35.0	62.9	45.3	39.8	66.1		48.4		

Summary of expenditures:											
Commissions/house list - appeal costs	1,809	2,174	2,250	-	2,250	2,641	790	-	3,431	1,181	52.5
Cost of goods delivered	6,262	6,727	6,476	-	6,476	6,442	-	-	6,442	-34	-0.5
Total operating expenses - (variable costs, fixed costs, research and development)	6,916	8,436	5,300	3,674	8,974	4,903	3,174	1,346	9,423	449	5.0

PLM = Product Line and Marketing; PSFR = Private Sector Fund-raising.

a/ The figures for 1994 and 1995 have been restated to conform with the 1996 presentation.

b/ Overtime.

c/ Miscellaneous supplies and services and hospitality.

/...

Table 12. Regional suppport centres and UNICEFF field offices: core and project posts, 1995 budget and 1996 proposed budget

Category and level	1995 Budget	1996 Proposed	Variance 1996 vs. 1995
I. International Professional posts			
D - 2/L - 7	-	-	-
D - 1/L - 6	-	-	-
P - 5/L - 5	3	2	(1)
P - 4/L - 4	6	6	-
P - 3/L - 3	1	1	-
P - 2/L - 2	-	-	-
P - 1/L - 1	-	-	-
Total international Professional posts	10	9	(1)
II. Local posts			
General Service	30	33	3
National Officer	25	30	5
Total local posts	55	63	8
Total posts	65	72	7

VII. MEDIUM-TERM PLAN, 1996-2000

110. The GCO medium-term plan is based on the GCO mandate in its two income-generating areas, i.e., Product Line and Marketing and Private Sector Fund-raising.

111. The overall purpose of GCO activities is to help raise funds for UNICEF programmes from the private sector; to increase awareness of UNICEF and its programmes of cooperation; and to encourage the active participation of individuals, organizations and corporations through product purchase, donations and volunteerism.

112. Table 13 presents the medium-term plan for GCO for the period 1996-2000. The plan is based on market trends, previous years' financial results and strategic plans developed and implemented in cooperation with National Committees and UNICEF field offices within the broader context of GCO corporate goals and UNICEF private sector income objectives.

113. The financial goals of GCO, as per the extrapolations for the medium-term plan, are to achieve by the year 2000:

(a) From product line and marketing:

(i) Card volume of 208 million;

(ii) Gross proceeds of $219 million;

(iii) Net operating income (after allocation of operating costs, but before the MDP) of $98.5 million;

(b) From private sector fund-raising:

(i) Net proceeds of $359.7 million ($172.6 million for general resources and $187.1 million for supplementary funds);

(ii) Net operating income (after allocation of operating costs, but before FDP) of $331.6 million ($144.5 million for general resources and $187.1 million for supplementary funds);

(c) To generate net consolidated income for UNICEF from the private sector of $412.9 million, comprising $225.8 million for general resources and $187.1 million for supplementary funds.

Table 13 . GCO medium-term plan: 1994 actual, 1995 budget, 1995 latest estimates, 1996 proposed and 1997-2000 projections

(In millions of United States dollars)

	1994 Actual a/	1995 Budget a/	1995 Latest estimates	1996 Proposed	1997	1998	1999	2000
					Medium-term plan projections			
PRODUCT LINE AND MARKETING								
Gross proceeds	153.6	156.1	165.0	174.0	186.0	197.0	208.0	219.0
Less: Commissions (including retention)	34.8	37.0	37.7	39.7	42.8	45.3	47.8	50.4
Net proceeds	118.8	119.1	127.3	134.3	143.2	151.7	160.2	168.6
Less: Cost of goods delivered	37.3	36.4	38.3	42.5	45.0	47.7	50.3	53.0
Operating costs	11.3	12.2	13.3	14.5	15.4	16.3	17.2	18.0
Allocated operating costs	6.2	6.7	6.8	7.9	8.9	10.2	10.9	11.6
Provision for doubtful accounts	1.4	-	-	-				
Add: Other income - net	7.7	7.5	6.8	7.5	8.0	9.5	11.0	12.5
Net operating income - Product Line and Marketing	70.3	71.3	75.7	76.9	81.9	87.0	92.8	98.5
PRIVATE SECTOR FUND-RAISING								
Net proceeds - general resources	84.3	105.2	108.0	130.0	136.5	147.4	159.4	172.6
Less: Operating costs	7.3	9.5	9.5	9.7	12.0	13.3	14.5	16.2
Allocated operating costs	4.3	5.5	5.5	7.3	8.5	9.9	10.9	11.9
Net operating income - Private Sector Fund-raising b/	72.7	90.2	93.0	113.0	116.0	124.2	134.0	144.5
Net operating income - consolidated	143.0	161.5	168.7	189.9	197.9	211.2	226.8	243.0
Non-operating expenses:								
Less:								
Market Development Programme	2.3	4.0	2.7	4.0	4.5	5.0	5.0	5.0
Fund-raising Development Programme	4.8	7.0	7.0	7.8	9.4	10.2	11.1	12.2
Exchange rate adjustment	-10.1	-	-4.0	-	-	-	-	-
Prior years' adjustments	0.6	-	0.0	-	-	-	-	-
Exhibits	0.1	0.1	0.1	0.2	-	-	-	-
Office move related costs	-	1.8	0.1	0.7	-	-	-	-
GCO share in UNICEF administrative costs	0.1	0.2	0.2	0.3	-	-	-	-
Central and Eastern European National Committees Development Programme	1.2	1.5	1.5	1.5	1.3	1.0	0.7	0.0
Net consolidated income - general resources	144.0	146.9	161.1	175.4	182.7	195.0	210.0	225.8
Add: Supplementary funds - private sector fund-raising b/	118.0	96.9	115.5	124.3	131.0	142.0	162.6	187.1
Net consolidated income	262.0	243.8	276.6	299.7	313.7	337.0	372.6	412.9
Card sales volume (millions)	*158*	*162*	*161*	*166*	*170*	*180*	*193*	*208*

a/ The comparative figures for 1994 and 1995 were restated to conform with the revised presentation of the 1996 proposed budget.
b/ Total private sector fund-raising income includes general resources income and supplementary funds. Supplementary funds income is shown net of house list appeal costs.

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VIII. DRAFT DECISIONS

114. The draft decisions for Executive Board approval relating to the GCO budget for the 1996/1997 fiscal year are presented below.

A. Greeting Card and related Operations budgeted expenditures for the 1996 season

The Executive Board

1. Approves for the fiscal year 1 May 1996 to 30 April 1997 budgeted expenditures of $99.8 million as detailed below and summarized in column II of annex I to document E/ICEF/1996/AB/L.11:

	(In millions of United States dollars)
Director's Office	0.8
Product Line and Marketing	59.6
Private Sector Fund-raising	10.5
Operations and Finance	14.4
Subtotal	85.3
Non-operating expenses:	
Market Development Programme	4.0
Fund-raising Development Programme	7.8
Exhibits	0.2
Office move related costs	0.7
GCO share in UNICEF administration costs	0.3
Central and Eastern European National Committees Development Programme	1.5
Subtotal	14.5
Total expenditures, consolidated a/	99.8

2. Authorizes the Executive Director:

(a) To incur expenditures as summarized in column II of annex I to document E/ICEF/1996/AB/L.11 and to increase the expenditures up to the level indicated in column III of annex I to the same document, should the apparent net proceeds from product sales and/or private sector fund-raising increase to the levels indicated in column III of annex I, and, accordingly, to reduce expenditures below the level indicated in column II to the extent necessary, should the net proceeds decrease;

(b) To transfer funds when necessary between the various budgets as detailed under paragraph 1 above;

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a/ For details, see table 1A.

(c) To spend an additional amount between Executive Board sessions, when necessary, owing to currency fluctuations, to ensure the continued operation of GCO;

(d) To personally approve actual expenditure of the travel and per diem costs of National Committee participants at the annual Greeting Card Workshops and related meetings.

B. Budgeted income for the 1996 season

The Executive Board

Notes that for the fiscal year 1 May 1996 to 30 April 1997, GCO net proceeds are budgeted at $274.4 million as shown in column II of annex I to document E/ICEF/1996/AB/L.11.

C. Policy issues

The Executive Board

1. Approves the changes in posts with a net increase of 8 posts as indicated in table 2 of document E/ICEF/1996/AB/L.11;

2. Renews FDP with $7.8 million established for 1996;

3. Renews MDP with $4.0 million established for 1996;

4. Renews the Central and Eastern European National Committees Development Programme, which includes 10 countries, with a budget of $1.5 million established for 1996;

5. Approves the change of the GCO fiscal year from 1 May-30 April to 1 January-31 December;

6. Authorizes the Executive Director to incur expenditures in the 1996 fiscal year related to cost of goods delivered (production/purchase of raw materials, cards and other products) for the 1997 fiscal year up to $45 million as indicated in the GCO medium-term plan (see table 13 of document E/ICEF/1996/AB/L.11).

7. Encourages GCO to work together with National Committees to ensure that a far larger proportion of funds raised by them are channelled to UNICEF general resources.

Annex I

RANGE OF BUDGETED INCOME AND EXPENDITURES FOR THE FISCAL YEAR 1 MAY 1996 - 30 APRIL 1997

(In millions of United States dollars)

	I Low projection	II Medium projection	III High projection
Budgeted income			
Gross proceeds - GCO products (table 1)	170.0	174.0	178.0
Deduct: Commissions (National Committees' retention)	36.2	37.1	38.0
Net proceeds	133.8	136.9	140.0
Add: Other income - net (table 1)	6.5	7.5	8.5
Net proceeds - GCO products (table 1)	140.3	144.4	148.5
Private sector fund-raising (table 7)	125.0	130.0	135.0
Total net proceeds	265.3	274.4	283.5
Budgeted expenditures			
Director's Office	0.8	0.8	0.8
Product Line and Marketing Group	58.8	59.6	61.0
Market Development Programme (table 5)	4.0	4.0	4.5
Private Sector Fund-raising Group (table 7)	10.5	10.5	11.0
Fund-raising Development Programme (table 7)	7.8	7.8	8.8
Operations and Finance Group (table 9)	14.4	14.4	15.0
Exhibits	0.2	0.2	0.2
Office move related costs	0.7	0.7	0.7
GCO share in UNICEF administrative costs	0.3	0.3	0.3
Central and Eastern European National Committees Development Programme (annex IV)	1.4	1.5	1.6
Total expenditures - consolidated (table 1A)	98.9	99.8	103.9
Net consolidated income - general resources (table 1)	166.4	174.6	179.6
Add: Supplementary funds - private sector fund-raising (table 7)	120.0	125.1	130.0
Net consolidated revenues - general resources and and supplementary funds	286.4	299.7	309.6

Annex II

PRIVATE SECTOR FUND-RAISING NET PROCEEDS: 1992-1994 ACTUAL, 1995 LATEST ESTIMATES AND 1996 PROPOSED

(In thousands of United Sates dollars)

National Committees	1992 Actual			1993 Actual			1994 Actual			1995 Latest estimates			1996 Proposed		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
Australia				479	130	609		975	975	-	1,000	1,000		1,000	1,000
Austria								514	514	1,160	140	1,300	1,200	200	1,400
Belgium	1,192		1,192	672		672	4,452		4,452	4,800		4,800	4,000		4,000
Canada											5,185	5,185		5,500	5,500
Cyprus	33 a/		33	17		17	25		25	25		25	25		25
Denmark	184		184	156	186	342	275		275	275		275	135	200	335
Finland	8		8	20	1,228	1,248	310	1,628	1,938	340	1,446	1,786	380	1,520	1,900
France	14,594 a/		14,594	14,200		14,200	15,062	2,267	17,329	15,495	2,000	17,495	18,400		18,400
Germany	9,875	4,754	14,629	9,613	6,409	16,022	20,034	20,079	40,113	21,300	18,400	39,700	19,788	19,012	38,800
Greece	4	703	707	579	10	589	885	346	1,231	840	560	1,400	960	640	1,600
Hong Kong	1,055 a/		1,055	1,482	747	2,229	1,824	1,847	3,671	1,654	1,654	3,308	3,000	1,500	4,500
Hungary				31		31					112	112		119	119
Ireland							128	243	371	128		128	b/	b/	b/
Israel							25		25						
Italy	11,476 a/	952	12,428	9,843	1,058	10,901	10,425	3,565	13,990	21,965	1,285	23,250	13,163	1,414	14,577
Japan	1,549 a/		1,549	15,811	6,984	22,795	20,838	10,087	30,925	28,800	10,000	38,800	29,900	4,600	34,500
Luxembourg	57		57	227	142	369	274	24	298		270	270	274	26	300
Netherlands	4,939 a/	1,931	6,870		3,242	3,242	1,473	40,164	41,637	12,000	27,200	39,200	39,240	8,560	47,800
New Zealand	57		57	105	63	168	12	124	136	25	125	150	30	150	180
Norway				22	52	74	10		10	10		10	11		11
Poland											100	100		130	130
Portugal	117 a/	275	392	151	270	421	125	105	230	200	40	240	638	212	850
Republic of Korea	1,464 a/	39	1,503	1,527	462	1,989	2,358	586	2,944	2,500	500	3,000	2,700	600	3,300
Slovenia														100	100
Spain	82		82					933	933	1,000	11,000	12,000	1,000	12,500	13,500
Sweden	107	424	531	18	186	204	87	775	862	199	798	997	1,100		1,100
Switzerland	2,739		2,739	4,073	3,799	7,872	5,379	4,876	10,255	4,436	4,135	8,571	5,520	3,680	9,200
Turkey	31 a/		31	10		10	10	6	16	16		16	19		19
United Kingdom	463	519	982	149	4,591	4,740		6,953	6,953	183	5,644	5,827	1,000	6,000	7,000
United States	130	13,130	a/ 13,260		8,885	c/ 8,885		11,277	11,277		11,536	11,536		20,000	20,000
Others								5	5						
Total National Committees	50,156	22,727	72,883	59,185	38,444	97,629	84,011	107,379	191,390	117,351	103,130	220,481	142,483	87,663	230,146

Annex II (continued)

(In thousands of United Sates dollars)

	1992 Actual			1993 Actual			1994 Actual			1995 Latest estimates			1996 Proposed		
	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total	General resources	Supplementary funds	Total
UNICEF field offices d/															
Argentina					442	442		1,512	1,512		1,720	1,720		1,900	1,900
Brazil		348 a/	348		1,082	1,082	44	8,915	8,959		9,682	9,682		11,000	11,000
Chile											16	16		140	140
Colombia														262	262
Dominican Republic															
Ecuador	3 a/		3	1	15	16	20	78	98		10	10		257	257
Guatemala															
India															
Indonesia															
Mexico	94		94		428	428	187		187		380	380		581	581
Morocco														300	300
Nigeria														374	374
Pakistan															
Peru								10	10		243	243		600	600
Philippines											135	135		1,586	1,586
South Africa															
Thailand							6	26	32					1,365	1,365
Venezuela				4		4	20	16	36		233	233		383	383
Other countries e/	10 a/	39 a/	49	21	68	89	8	43	51						
Total UNICEF field offices	107	387	494	26	2,035	2,061	285	10,600	10,885		12,419	12,419		18,748	18,748
Less: House list - appeal costs														(790)	
Net UNICEF field offices														17,958	
Total National Committees	50,156	22,727	72,883	59,185	38,444	97,629	84,011	107,379	191,390	117,351	103,130	220,481	142,483	87,663	230,146
Less: adjustment										(9,351)			(12,483)	18,700	
Grand Total	50,263	23,114	73,377	59,211	40,479	99,690	84,296	117,979	202,275	108,000	115,549	223,549	130,000	124,321	254,321

a/ Includes contribution from special fund-raising events.

b/ The Irish National Committee is currently undertaking a management review at the request of UNICEF to determine its future.

c/ Excludes $17.6 million, gifts in kind reported by the United States Committee.

d/ As of 1996 supplementary funds proceeds at UNICEF field offices include appeal costs related to house list.

e/ Other countries : 1994 Burkina Faso, Guinea, Madagascar, Singapore.

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Annex III
PRODUCT LINE AND MARKETING:
SUMMARY OF CARD SALES BY REGION , 1992 - 1996

(In thousands of cards)

Region	1992 Actual	1993 Actual	1994 Actual	1995 Budget	1995 Latest estimates a/	1996 Forecast Low	1996 Forecast Medium	1996 Forecast High
National Committees	14,515	13,854	13,991	14,700	14,200		14,500	
UNICEF field offices	-	-	-	-	-		-	
Total North America - Region I	14,515	13,854	13,991	14,700	14,200	14,000	14,500	15,000
National Committees	-	-	-	-	-		-	
UNICEF field offices	9,330	10,581	11,619	11,525	12,303		13,150	
Total Latin America & Caribbean - Region II	9,330	10,581	11,619	11,525	12,303	12,500	13,150	14,000
National Committees	6,957	7,773	7,616	7,625	7,900		8,270	
UNICEF field offices	3,031	2,711	2,935	3,055	3,230		3,440	
Total Asia - Region III	9,988	10,484	10,551	10,680	11,130	11,400	11,710	12,600
National Committees	2,286	1,931	2,187	2,120	2,250		2,350	
UNICEF field offices	5,276	6,269	6,794	7,580	8,050		7,815	
Total Pacific, India & Pakistan - Region IV	7,562	8,200	8,981	9,700	10,300	9,400	10,165	10,900
National Committees	103,891	105,607	108,010	110,840	109,070		111,422	
UNICEF field offices	-	-	-	-	-		-	
Total Europe - Region V	103,891	105,607	108,010	110,840	109,070	110,000	111,422	113,000
National Committees	-	-	-	-	-		-	
UNICEF field offices	4,853	4,945	4,759	5,050	5,000		5,095	
Total Africa & MENA - Region VI	4,853	4,945	4,759	5,050	5,000	4,800	5,095	5,500
Total all regions - National Committees	127,649	129,165	131,804	135,285	132,520		136,542	
Total all regions - field offices	22,490	24,506	26,107	27,210	28,583		29,500	
GRAND TOTAL - ALL REGIONS	150,139	153,671	157,911	162,495	161,103	162,100	166,042	171,000

MENA = Middle East and North Africa.

a/ As of 22 February 1996.

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Annex III - A
PRODUCT LINE AND MARKETING:
CARD SALES BY REGION, 1992 - 1996
NATIONAL COMMITTEES

(In thousands in cards)

Country/region	1992 Actual	1993 Actual	1994 Actual	1995 Budget	1995 Latest estimates a/	1996 Forecast Low	1996 Forecast Medium	1996 Forecast High
Canada	5,449	5,188	4,941	5,250	4,900		5,000	
United States of America	9,066	8,666	9,050	10,000	9,300		9,500	
Subtotal	14,515	13,854	13,991	15,250	14,200		14,500	
Less: Adjustment				-550				
Total North America - Region I	14,515	13,854	13,991	14,700	14,200	14,000	14,500	15,000
Hong Kong	753	830	878	920	900		920	
Japan	6,204	6,508	6,123	7,200	6,400		6,700	
Republic of Korea b/		435	615	475	600		650	
Subtotal	6,957	7,773	7,616	8,595	7,900		8,270	
Less: Adjustment				-970				
Total Asia - Region III	6,957	7,773	7,616	7,625	7,900	8,000	8,270	8,600
Australia	1,951	1,667	1,857	2,000	2,000		2,100	
New Zealand	335	264	330	310	250		250	
Subtotal	2,286	1,931	2,187	2,310	2,250		2,350	
Less: Adjustment				-190				
Total Pacific, India & Pakistan - Region IV	2,286	1,931	2,187	2,120	2,250	2,200	2,350	2,500
Austria	1,625	1,659	1,506	1,750	1,550		1,600	
Belgium	2,473	2,323	2,311	2,950	2,300		2,335	
Denmark	2,001	1,865	1,826	1,980	1,880		1,917	
Finland	1,994	1,811	1,774	1,995	1,900		2,000	
France	16,633	16,336	16,735	18,000	16,500		17,000	
Germany	17,914	18,405	18,910	19,500	19,000		19,500	
Greece	3,977	3,275	3,108	4,000	3,250		3,270	
Ireland	456	477	471	525	500		550	
Italy	10,319	11,507	12,079	12,500	12,100		12,150	
Netherlands	7,160	7,120	6,828	7,500	7,040		7,100	
Norway	1,938	1,892	1,816	2,000	1,850		1,900	
Portugal	2,588	2,754	3,097	3,000	3,000		3,200	
Spain	15,752	16,235	17,647	18,500	18,100		18,400	
Sweden	2,347	2,271	2,251	2,500	2,200		2,250	
Switzerland	4,271	3,969	3,856	4,400	3,900		3,950	
Turkey	4,230	4,182	3,003	4,500	3,100		3,200	
United Kingdom	2,338	2,153	2,462	2,550	2,600		2,700	
Central and Eastern European countries	4,812	6,278	7,237	6,900	7,300		7,400	
Other countries	1,063	1,095	1,093	1,000	1,000		1,000	
Subtotal	103,891	105,607	108,010	116,050	109,070		111,422	
Less: Adjustment				-5,210	-900			
Total Europe - Region V	103,891	105,607	108,010	110,840	108,170	110,000	111,422	113,000
Total all regions - National Committees	127,649	129,165	131,804	135,285	132,520	134,200	136,542	139,100

a/ As of 22 February 1996.
b/ Republic of Korea became a National Committee starting with the 1993 campaign.

Annex III - B
PRODUCT LINE AND MARKETING:
CARD SALES BY REGION, 1992 - 1996
UNICEF FIELD OFFICES

(In thousands of cards)

Country/region	1992 Actual	1993 Actual	1994 Actual	1995 Budget	1995 Latest estimates a/	1996 Forecast Low	1996 Forecast Medium	1996 Forecast High
Argentina	635	705	1,070	1,430	1,312		1,600	
Brazil	4,242	5,152	5,563	5,800	5,700		6,100	
Chile	184	188	143	250	250		300	
Colombia	1,260	1,271	1,295	1,450	1,462		1,600	
Ecuador	400	457	521	552	473		550	
Mexico	538	524	614	900	700		1,000	
Peru	490	583	666	800	800		960	
Uruguay	417	438	432	460	435		460	
Venezuela	160	164	152	222	190		262	
Other countries	1,004	1,099	1,163	1,291	1,195		1,200	
Subtotal	9,330	10,581	11,619	13,155	12,517		14,032	
Less: Adjustment				-1,630	-214		-882	
Total Latin America & Caribbean - Region II	9,330	10,581	11,619	11,525	12,303	12,500	13,150	14,000
Republic of Korea b/	543							
Indonesia	713	806	766	1,350	1,000		1,200	
Malaysia	280	252	360	350	350		400	
Philippines	435	471	562	620	620		700	
Singapore	230	241	263	300	270		300	
Thailand	306	322	406	500	406		550	
Other countries	524	619	578	700	730		346	
Subtotal	3,031	2,711	2,935	3,820	3,376		3,496	
Less: Adjustment				-765	-146		-56	
Total Asia - Region III	3,031	2,711	2,935	3,055	3,230	3,400	3,440	4,000
India	4,681	5,585	6,064	8,500	7,250		8,320	
Pakistan	556	653	690	770	770		840	
Other countries	39	31	40	30	30		0	
Subtotal	5,276	6,269	6,794	9,300	8,050		9,160	
Less: Adjustment				-1,720			-1,345	
Total Pacific, India & Pakistan - Region IV	5,276	6,269	6,794	7,580	8,050	7,200	7,815	8,400
Morocco	593	615	604	750	700		805	
Nigeria	798	921	804	1,030	1,030		1,500	
Other countries	3,462	3,409	3,351	4,091	3,991		3,375	
Subtotal	4,853	4,945	4,759	5,871	5,721		5,680	
Less: Adjustment				-821	-721		-585	
Total Africa & MENA - Region VI	4,853	4,945	4,759	5,050	5,000	4,800	5,095	5,500
Total all regions	22,490	24,506	26,107	32,146	29,664		32,368	
Less: Adjustment				-4,936	-1,081		-2,868	
Total all regions - field offices (after adjustments)	22,490	24,506	26,107	27,210	28,583	27,900	29,500	31,900

MENA = Middle East and North Africa.

a/ As of 22 February 1996.

b/ Republic of Korea became a National Committee starting with the 1993 campaign.

Annex IV

CENTRAL AND EASTERN EUROPEAN NATIONAL COMMITTEES DEVELOPMENT PROGRAMME: 1995 LATEST ESTIMATES AND 1996 PROPOSED BUDGET

(In thousands of United States dollars)

	1995 Latest estimates	1996 proposed budget		
		Low projection	Medium projection	High projection
Gross proceeds				
Sales in Central and Eastern European countries	3,300	3,300	3,600	3,900
Less:				
Rentention	825	825	900	975
Net proceeds	2,475	2,475	2,700	2,925
Less: Additional retention as per National Committees Development Programme for Central and Eastern European countries	1,450	1,450	1,500	1,550
Amount due to UNICEF	1,025	1,025	1,200	1,375

Annex V
SUMMARY OF NET OPERATING INCOME BY FUNCTIONAL GROUP SHOWING EFFECT OF ALLOCATION (1 MAY 1996 - 30 APRIL 1997)

(In millions of United States dollars)

	Product Line and Marketing Group	Private Sector Fund-raising Group	Non-operating expenses	Total
Net operating income before allocation	84.8	120.3		205.1
Less: Allocation of expenditures a/				
Director's Office (table 3)	0.4	0.4		0.8
Operations and Finance Group (table 9)	7.5	6.9		14.4
Total expenditures allocated	7.9	7.3		15.2
Net operating income after allocation	76.9	113.0		189.9
Less: Market Development Programme(table 5)	4.0			4.0
Fund-raising Development Programme (table 7)		7.8		7.8
Exhibits (table 7)		0.2		0.2
Office move related costs			0.7	0.7
GCO share in UNICEF administrative costs			0.3	0.3
Central and Eastern European National Committees Development Programme (annex IV)			1.5	1.5
Net consolidated income /(expenses) - general resources	72.9	105.0	(2.5)	175.4
Add: Supplementary funds - private sector fund-raising b/		124.3		124.3
Net consolidated revenues - general resources and supplementary funds	72.9	229.3	(2.5)	299.7

a/ Rent and communications costs allocated based on head count; shipping and warehouse costs charged to Product Line and Marketing; other expenditures based on net proceeds.

b/ Supplementary funds income is shown net of house list appeal costs.

Annex VI

DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES (ESTABLISHED/ABOLISHED/CONVERSIONS)

PAT number	Duty station	Post title	Section	Level	Type of action	Count
GCO96010	NY	Accountant	Finance and Administration	L-3	Establish	1
GCO95003	NY	Assistant order and distribution officer	Market Development	L-2	Convert	-1
93478	NY	Licensing officer	Product Development	L-4	Abolish	-1
GCO96006	GE	Assistant inventory managment officer	Market Development	L-2	Establish	1
93676	New Delhi	Regional officer	UNICEF India	L-5	Convert	-1
Total						-1

PAT = Post authorization table.

Annex VII

DETAILS OF INTERNATIONAL PROFESSIONAL POST RECLASSIFICATIONS BY GRADE AND OFFICE: 1996-1997 PROPOSED

PAT number	Duty station	Post title	Section	1995 Level	1996 Level
95132	NY	Market development officer	Market Development	L-4	L-3
93474	GE	Assistant order and distribution officer	Market Development	L-2	L-3
0341	GE	Information officer	Information	P-3	P-4
Total					3

PAT = Post authorization table.

Annex VIII

MARKET DEVELOPMENT PROGRAMME STATUS REPORT,
1 May 1995-30 April 1996

1. At its annual session of 1994, the Executive Board approved MDP for a five-year period with a budget of $5.0 million for 1994 (E/ICEF/1994/13/Rev.1), decision 1994/A/9 C.3).

2. During 1994, a total of 16 National Committees received approval for 27 projects. One project was officially cancelled and 26 projects were completed. Provisional reports indicated that total MDP funding amounted to $2,498,819 in support of the 26 projects. The provisional results indicate that gross proceeds of $8,021,963 were generated through these MDP-supported programmes.

3. During 1995, again a total of 16 National Committees received approval for 37 projects. The projects funded will test sales strategies in:

(a) Mail order expansion - 17 projects;

(b) UNICEF shops development - 13 projects;

(c) Advertising campaigns - 4 projects;

(d) Building volunteer networks - 1 project;

(e) Mass distribution - 1 project;

(f) Single card sales - 1 project.

4. A total of $2.7 million of MDP funds approved have been committed by GCO in 1995 and matched equally by National Committees.

Annex VIII

MARKET DEVELOPMENT PROGRAMME
STATUS REPORT, 1 May 1995 - 30 April 1996

National Committee	Programme	Date of approval	Approved objectives	Amount approved: GCO portion	Approved target			Performance year-to-date		
					Gross proceeds	Cards sold	Expand mailing list	Gross proceeds	Cards sold	Expand mailing list
Australia	National Mail Order Expansion	28/09/95	Continue the direct mail programme targeted to Australian companies (launched in 1994) to reach 350,000 units Develop a new retail outlet to reach 250,000 units Test a third mailing to the house file using inventory cards to sell 10,000 units	$ 80,000	$ 782,500	610,000				
Canada	Model Store Programme	09/08/95	Operate three model stores in largest commercial centres Sell 455,000 cards (year 1) Sell 4,550 non-card units (year 1) Generate gross proceeds of $ 341,070 (year 1)	$ 130,000	$ 341,070	455,000	-	$ 325,000	435,000	
Finland	Business Campaign	14/07/95	Increase card volumes sold by 90,000 Increase gross proceeds by $ 96,226 Add 400 names to house list	$ 20,082	$ 96,226	90,000	400	$ 60,230	51,800	201
Finland	Pirkka Magazine Campaign II	14/07/95	Build on experience gained through 1994 MDP-funded project Increase card volumes sold by 30,000 Add 3,300 names to house list Increase gross proceeds by $ 116,745	$ 41,190	$ 116,745	30,000	3,300	$ 39,980	20,000	1,100
Finland	Prospecting Campaign II Brochure	14/07/95	Mail CII Brochures to 100,000 prospect addresses selected from among best potential list Increase card volumes sold by 60,000 Increase gross proceeds by $132,075 Increase house list by 2,000 names	$ 55,520	$ 132,075	60,000	2,000	$ 90,767	47,000	1,364
Finland	Temporary Sales Points	14/07/95	Operate three seasonal shops in densely populated areas Increase card sales volumes by 60,000 Generate gross proceeds by $ 127,350	$ 17,216	$ 127,350	60,000	-	$ 35,340	20,000	-
Finland	Advertising Campaign	14/07/95	Provide advertising support to the entire greeting card campaign Place ads in 26 newspaper (total ads: 52)	$ 30,000	$ 472,000	240,000	-			
Finland	Year-round Shop # 2	14/07/95	First year of operation to sell 50,000 cards First year of operation to raise gross proceeds of $ 117,920	$ 35,000	$ 117,920	50,000	-			

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Annex VIII (continued)

National Committee	Programme	Date of approval	Approved objectives	Amount approved: GCO portion	Approved target			Performance year-to-date		
					Gross proceeds	Cards sold	Expand mailing list	Gross proceeds	Cards sold	Expand mailing list
France	Business Tele-Marketing	27/09/95	Increase gross revenues by $ 100,000 Increase card sales volumes by 100,000	$ 8,200	$ 100,000	100,000				
France	TV & Radio Advertising	27/09/95	Support 1995 campaign goals	$ 225,000						
France	French Seasonal Shops	27/09/95	Increase gross revenues by $ 900,000 Increase card sales volume by 400,000	$ 120,000	$ 900,000	400,000				
France	Multi-Level Marketing Project	31/10/95	Increase gross proceeds by $ 172,800 Redynamize volunteer sales network in France Increase UNICEF visibility through multi-level marketing network	$ 65,000	$ 172,800	-				
Germany	Insert with Greeting card Offer	27/09/95	Increase gross revenues by $ 317,000 Increase card sales volume by 185,000 Add 9,500 new addresses	$ 109,000	$ 317,000	185,000	9,500			
Germany	Get to know UNICEF Campaign	27/09/95	Increase gross revenues by $ 42,000 Increase card sales by 28,000 Add 1,500 new addresses	$ 20,000	$ 42,000	28,000	1,500			
Germany	Business to prospecting	27/09/95	Increase gross revenues by $ 489,130 Increase card sales volume by 342,500 Add 2,740 new addresses	$ 81,159	$ 489,130	342,500	2,740			
Germany	Postcard in Post Offices	26/02/96	Attract new customers and build mailing list Sell 23,000 additional cards Generate gross proceeds of $ 34,000	$ 14,209	$ 34,000	23,000				
Ireland	Cork Area Sales (Shop Development Plan - Year 2)	26/02/96	Development of card sales through the UNICEF shop from the increased UNICEF profile in the region Development of additional sales from volunteers and corporate customers through increased profile Generate gross proceeds (all channels) of Irish pounds 45,000 Sell 55,000 card units in the Cork area	$ 20,570	$ 71,203	55,000				
Italy	Newspaper Advertising	28/09/95	Support 1995 campaign targets	$ 120,000	$ 400,000	300,000				
Italy	Network UNICEF centres	28/09/95	Increase gross revenues by $ 500,000 Increase card sales volume by 60,000	$ 200,000	$ 500,000	60,000				

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Annex VIII (continued)

National Committee	Programme	Date of approval	Approved objectives	Amount approved: GCO portion	Approved target			Performance year-to-date		
					Gross proceeds	Cards sold	Expand mailing list	Gross proceeds	Cards sold	Expand mailing list
Luxembourg	Temporary Shop	26/02/96	Give greater visibility to UNICEF in the busy centre Attract different consumer group Achieve incremental sales for cards and non-card products Generate gross proceeds of $ 50,857 and sales of cards totalling 50,000 units	$ 7,644	$ 50,847	50,000				
Netherlands	Shop Expansion Strategy (Phase 2)	21/06/94	Create incremental sales income in a competitive market in which continuation of present marketing strategies would lead to stagnating or decreasing results Increase in sales volume and gross proceeds (consumer market) by 41 per cent by 1997	$ 83,000	$1,382,105					
New Zealand	1995 Corporate Greeting Card Campaign	11/08/95	Sell 60,000 cards in the corporate market Generate $ 68,000 in gross proceeds	$ 8,500	$ 68,000	60,000	-	$ 47,853	42,650	
Norway	Business Insert on Norwegian Wings	14/07/95	Increase card sales by 25,000 Increase gross proceeds by $ 24,235 Increase house list by 750 names	$ 2,425	$ 24,235	25,000	750	$ 3,307	3,895	
Norway	Business Insert - Financial Magazine	14/07/95	Increase card sales by 20,000 Increase gross proceeds by $ 19,390 Add 600 names to house list	$ 2,180	$ 19,390	20,000	600	$ 1,300	1,530	
Norway	T.V. Advertising Campaign	14/07/95	Support the overall greeting card campaign	$ 3,200						
Portugal	Insert Noticias Magazine	02/11/95	Increase sales to $ 164,000 Increase card sales by 150,000 units Increase house list by 5,500 names	$ 31,750	$ 164,000	150,000	5,500			
Portugal	UNICEF Shop	21/12/95	Gross proceeds by $40,000 incremental Card sales - 70,600 units incremental Increase UNICEF visibility and initiate year-round sales	$ 90,000	$ 40,000	70,600				
Spain	Red Nacional de Estancos	24/11/95	Generate incremental gross proceeds of $ 1,592,000 Sell incremental card sales volume of 2,200,000 units	$ 233,000	$1,592,000	2,200,000				

Annex VIII (continued)

National Committee	Programme	Date of approval	Approved objectives	Amount approved: GCO portion	Approved Target			Performance year-to-date		
					Gross proceeds	Cards sold	Expand mailing list	Gross proceeds	Cards sold	Expand mailing list
Sweden	Temporary Sales Points	27/07/95	Operate four temporary sales points in Stockholm Increase card sales by 20,000 Generate gross proceeds of $ 137,740	$ 13,216	$ 137,740	20,000				
Sweden	UNICEF Shop - Gothenburg	27/07/95	Operate the UNICEF Shop in Gothenburg Incremental card sales objective is 25,000 Gross proceeds is $ 103,306	$ 8,678	$ 103,306	25,000				
Sweden	Insert Weekly Magazine	12/07/95	Insert a product sales leaflet in weekly magazine Increase cards sold by 90,000 Increase gross proceeds by $ 123,970	$ 26,030	$ 123,970	90,000				
Switzerland	Special Business Mailing Test	21/06/95	Increase sales to business sector Build house list data bank	$ 17,895	$ 127,119	70,000	750			
Switzerland	Summer Direct Mail Campaign	21/06/95	Increase proceeds from direct mail, decrease seasonal fluctuation of income, reposition UNICEF as a year-round seller of cards and products	$ 146,053	$1,101,695	400,000				
Switzerland	Single Card Sales through retail	21/06/95	Reach new consumers (single card buyers) Ensure a year-round visibility for UNICEF cards	$ 28,070	$ 233,729	123,000				
Switzerland	UNICEF shops in Zürich	21/06/95	Increase sales in Zürich Ensure a year-round visibility for UNICEF in the largest city of Switzerland	$ 175,438	$ 87,745	30,000	-			
United Kingdom	Shop Expansion Strategy (Phase 2)	17/08/94	Test a new concept in UNICEF shops, in a variety of locations. Generate gross proceeds year two of $ 1,626,154	$ 350,000	1,626,154					
United Kingdom	Sales Channel Development (Phase 2)	17/08/94	Develop sales expansion in mail order and business campaign	$ 116,000	499,884					
TOTAL				$2,735,225	$12,593,938	6,422,100	27,040			

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Annex IX

FUND-RAISING DEVELOPMENT PROGRAMME

Status report: 1 May 1994-30 April 1995
Status report: 1 May 1995-30 April 1996

1. FDP has been an excellent tool for UNICEF to assist National Committees and UNICEF field offices to expand their respective donor bases and establish or expand new revenue streams. In 1994/1995, the investment of $4.8 million resulted in a return of $9.4 million and acquisition of 160,128 new donors. The long-term value of the acquired donors, in terms of future net income, is estimated at $23.2 million over five years and $41.3 million over 10 years (see annex IXa).

2. "Future net income" is estimated using projections based on known donor histories in selected countries in which UNICEF raises funds from the general public.

3. Between 1 May 1995 and 30 April 1996, a total of $7 million of the approved FDP funds have been allocated to 24 programmes in 11 National Committees and 6 UNICEF field offices. The anticipated return on investment is $35.2 million, an additional 454,566 new donors and many corporate sponsors will be acquired. The long-term value of the new donors is estimated at $58.5 million over five years and $101.8 million over 10 years (see annex IXb).

Annex IX (a)

FUND-RAISING DEVELOPMENT PROGRAMME
STATUS REPORT, 1 MAY 1994-30 APRIL 1995

Country	Programme	Date of approval	Approved objectives	Total spent	Comments	Immediate gross proceeds to UNICEF	New donors directly attributable to FDP funding
Argentina	Direct Mail Donor Constituency Development 1994/1995	14/7/94	Increase the number of donors to 25,500 and generate additional income of $465,000 in 1994/1995	$156,912	The FDP investment has been fully covered despite lower gross income than projected and much less donors acquired:4,595 instead of 25,500. Information on the downsizing of the investment is awaited from the field office.	$351,395	4,595
Belgium	TV Appeal Fund-raising Campaign	22/3/95	To recruit new UNICEF supporters via a series of six TV programmes and associated appeal for UNICEF work and convert these donors to a monthly or annual pledge programme	$455,500	Due to logistical problems faced by the Belgium TV station, this programme was donwscaled. Only $195,172 were spent. This FDP investment has not been recovered. However, may break even due to the LTV of the acquired new donors.	$88,556	3,016
Brazil	Direct Mail Donor Constituency Development 1994/1995	22/7/94	Increase the number of address from 102,000 to 171,000 and net income by $987,000 in 1994	$381,569	41,966 new donors were gained for 69,000 planned. However, the net income reached $1,255,000 did better than planned $987,000.	$1,255,000	41,966
Colombia	Direct Mail Donor Constituency Development 1994/1995	14/7/94	Increase the number of donors by 3,000 and increase income by $69,000 in 1994/1995		The allocation was not utilized in the direct mail area due to unforeseen circumstances during this fiscal year, and therefore returned to the programme.		

Annex IX (a) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Comments	Immediate gross proceeds to UNICEF	New donors directly attributable to FDP funding
Denmark	Donor Recruitment Development Programme 1994	1/10/94	To determine the most cost-effective media mix/creative strategy for donor recruitment: Phase Two: To implement donor recruitment across a range of media.	$174,000	Due to exceptional circumstances following the death of the Executive Director, a formal FDP report could not be filed by them. GCO can provide full documentation on the failure, which due to unforeseen, but resolvable management/human resource problem at the National Committee.	$10,800	145
Ecuador	Direct Mail Donor Constituency Development 1994/1995	14/7/94	Increase the number of donors to 3,000 and generate additional income of $54,000 in 1994/1995	$2,085	The allocation was not utilized in the direct mail area due to unforeseen circumstances during this fiscal year, and therefore returned to the programme.		
Finland	Direct Mail Prospecting Campaign	1/10/94	To increase the Finnish Committee's active donor base from 68,000 to 85,761 by an estimated 17.761 new donors through a major prospecting campaign capitalizing on the UNICEF exposure during the Finnish UNICEF week October 1994	$201,200	Set objectives were not reached based on sudden increase of value added tax by 22 percent which could not have been foreseen when planning the campaign; response rate and average gift were less than expected. $135,490 were raised and 6,300 donors gained.	$135,490	6,300
Germany	Pledge Programme	17/2/94	Increase the number of in-house pledge donors by 4,373 from 37,600 to 42,000. Achieve gross income of DM1,002,483 in the first year; net income of DM 110,043 will be produced during the first 24 months after the break-even is reached in 11 months.	$282,000	$1,252,677 or DM1,791,328 (US rate of exchange) exceeding the anticipated gross income, due to increased level of donations.	$1,252,677	1,876

Annex IX (a) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Comments	Immediate gross proceeds to UNICEF	New donors directly attributable to FDP funding
Germany	Pocket Diary Prospecting Campaign, Autumn 1994	21/7/94	To increase donor base from 900,000 to 941,500 by an estimated 41,464 new donors through a major prospecting campaign using the UNICEF Pocket Diary 1995 as the main incentive.	$699,469	$1,777,000 was accumulated as of January 1996. Additionally, National Committee self-financed $483,753 to finance 700,000 more mailings.	$1,777,000	39,646
Germany	Direct Mail Prospecting Programme - Pledge Donors	30/3/95	To increase our number of pledge donors from 50,600 to more than 62,242.This will guarantee regular and higher income from the best donors throughout the year with reduced fund-raising costs. The monetary value for the next five years is $6,762,630.	$385,673	5,152 new pledge donors were gained through this campaign. Income: 457,401 DM (equal to $326,715 at exchange rate of 1.40DM). Total funds anticipated to be raised: 914,802 DM ($653,430) in the first 12 months.	$326,715	5,152
Hong Kong	Children in War	18/5/94	Stimulate the public's concern and create greater understanding of the effects of war on the lives of children. Raise $350,000 for UNICEF general resources. Increase 6000 in-house list.	$151,000	Fund raised a total donation amount of HK$4,405,368 from both direct mail and printed ad appeals. Approximately 4,249 new donors have been generated.	$566,243	4,249
Japan	Winter 1994 New Donor Acquisition Campaign	19/12/94	Generate over 150,000 new donors for the Japan Committee house mailing list. Raise over $5 million net for general resources. Support direct mail outreach by placing support ads in the press and increase awareness of UNICEF mission and programme.	$400,000	Originally planned to have two newspaper ads to complement a direct mail campaign. The first ad was placed on 23 December 1994. The second ad and the direct mail campaign were cancelled due to the earthquake.Income:$376,018 and 3,003 new donors.	$376,018	3,003

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Annex IX (a) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Comments	Immediate gross proceeds to UNICEF	New donors directly attributable to FDP funding
Mexico	Direct Mail Donor Constituency Development 1994/1995	14/7/94	Increase the number of donors by 5,400 and increase income by $243,000 in 1994/1995	$45,000	Cancelled		
New Zealand	Donor Acquisition Programme 1994-1995	14/7/94	To secure 7,700 new donors and increase the house list from 8,500 to 16,200 donors.	$147,330	A National Envelope appeal conducted to 300,000 households and brought only 623 donations. Friend get a friend brought 631 donations and generated total income of $17,237. Out of 1,254 responses only 450 are new donors.	$17,237	450
Spain	Donor Acquisition Programme	18/5/94	To attain 6,500 new donors and to raise $461,000	$235,000	Campaign comprised of four mailings - the last one just completed. Final FDP report expected mid-February 1996. However, National Committee confirms that initial objectives to gain 10,000 new donors and generate $1million will most likely be surpassed.	$1,000,000	7,500
United Kingdom	1994 Direct Mail Donor Acquisition (Emergency Prototype)	29/4/94	To roll-out cost-effective media routes to recruit new donors tested 1994. To develop a PROTOTYPE strategy for donor recruitment in emergencies.	$129,775	Campaign goals exceeded, bringing in substantial income, new donors.	$1,162,281	1,669

Country	Programme	Date of approval	Approved objectives	Total spent	Comments	Immediate gross proceeds to UNICEF	New donors directly attributable to FDP funding
United States	1994-1995 Direct Mail Prospect Programme	21/7/94	To increase the Committee's donor base by an estimated 45,050 donors from 575,000 to 620,050 and to expand the Committee's base of donors who can be upgraded via multiple appeals and recruitment into the pledge programme.	$1,000,000	Possibility to fund the additional $113,000 to cover the entire campaign will be decided after the review of availability of FDP funds which is due to take place in March/April 1995	$1,036,626	40,561
Venezuela	Direct Mail Donor Constituency Development 1994/1995	14/7/94	Increase the number of donors by 3,000 and increase income by $69,000 in 1994/1995		Campaign cancelled		
				$4,846,513		$9,356,038	160,128

Annex IX (b)

FUND-RAISING DEVELOPMENT PROGRAM
STATUS REPORT, 1 MAY 1995-30 APRIL 1996

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Germany	Pocket Diary 1996 - Direct Mail Prospecting Campaign Autumn 1995	27/6/95	To gain 39,000 new donors and income as specified from their respective future value. After this campaign our house file will contain more than 1,250,000 donor addresses.	$914,286	Campaign in progress. However, interim update FDP information has been received. As of end December 1995 $866,692 and 25,000 new donors	$866,692	25,000
Portugal	Donor Acquisition Programme "Immunization" Prospecting Summer 1995	26/6/95	To gain 14,417 new donors and to generate an amount of $349,070. This will increase our present houselist to approximately 50,000.	$113,000	$419,805 were raised. Total of 9,936 new donors were acquired.	$419,805	9,936
Japan	Summer 1995 Direct Mail Acquisition Campaign	14/7/95	Raise $5.9 million gross from direct mail recipients and newspaper readers in Japan. Generate up to 70,000 new donors for house mailing list and favourable publicity towards the Committee's fund-raising through newspaper ads in Japan.	$375,000	Campaign in progress	$5,900,000	70,000

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Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Spain	Donor Acquisition Programme	14/7/95	To attain 10,000 new donors and to raise $1 million gross income.	$250,000	Campaign in progress	$1,000,000	10,000
United States	1995/1996 Direct Mail Prospect Programme	26/7/95	Increase the Committee's donor base by an estimated 41,800, from 500,000 to 532,560, and expand donor base via multiple appeals and recruitment into the pledge programme. Test the effectiveness of a prospect mail database and advertising/media support.	$1,000,000	Campaign in progress	$2,606,176	32,560
Ireland	1995/1996 Private Sector Fund-raising Rollout of Donor Recruitment and Corporate Fund-raising Strategies		The aim is to add 11,090 new donors to the housefile in 1995/1996 and to maintain giving levels through a high impact but low cost pack.		Cancelled		

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Annex IX (b) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
United Kingdom	Private Sector Fund-raising Development of United Kingdom Committee 1995/1996 Work plan	26/7/95	To further development private sector fund-raising income in payroll giving, legacy, telephone marketing, schools fund-raising, and regional fund-raising.	$740,313	Campaign in progress. Downsizing investment due to unsatisfactory tests and changing factors in two planned areas, legacy and telemarketing.Part of funds reallocated to other successful components of FDP:payroll giving/International hotel partnership.	$1,623,667	N/A
Australia	Private Sector Fund-raising Development of the Australia Committee for UNICEF	7/9/95	To further develop private sector fund-raising income in the International direct mail, telemarketing pledge acquisition and bequest programme.	$282,781	Campaign in progress	$706,726	5,010

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Portugal	Donor Acquisition Programme "Chance for a Child". Prospecting autumn 1995	28/9/95	To gain 6,480 new donors and to generate an amount of $207,000, increase present house list to approximately 56,480.	$128,000	Campaign in progress	$207,000	6,480
Philippines	Direct Mail Roll-Out I and II 1996	11/10/95	Raise funds for Filipino children with estimated income of $600,000, increase the donor base by 30,000 and generate awareness on the situation of Filipino children.	$413,442	Campaign in progress	$600,000	30,000
China	China Business Leadership Council	11/10/95	To develop a strategy to raise funds from major multinational companies with business interests in China by inviting them to take part in a corporate contribution scheme.	$114,000	Campaign in progress	$2,000,000	N/A

Annex IX (b) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Argentina	Direct Mail Donor Constituency Development 1995/1996	12/10/95	Build donor constituency to 11,700 adding 8,800 donors to the 2,900 generated in 1995. Generate through diverse direct response methods, $540,000 gross income for supplementary-funded programme for children in Argentina.	$15,000	Campaign in progress	$540,000	8,800
Venezuela	Development of the donor constituency 1995/1996	22/9/95	Increase donor prospecting from 0 to 1,000 adding 1,000 donors to the core donor base. Increase income to reach $43,676 in the current budget year.	$31,765	Campaign in progress	$43,676	1,000
Brazil	Direct Mail Donor Constituency Development 1995/1996	12/10/95	Increase the number of addresses from 140,000 to 213,000. Generate from prospecting of $1,740,000 in 1995/1996 as additional income.	$406,000	Campaign in progress.	$1,740,000	73,000

Annex IX (b) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Finland	Leap Year Campaign Spring	27/11/95	To generate a gross revenue of approximately $1,650,944, increase the house list with 10,000 new names from 58,000 to 68,000 and increase the amount of volunteers.	$345,800	Campaign in progress	$1,650,944	10,000
Switzerland	Change for Good/New Fund-raising Initiatives	13/12/95	Change for Good: to raise $1 million per year. New fund-raising Initiative: Advertising support, Dimitri Tour, Auction Swissair Gazette Photos, Major Donor Programme, Membership Programme, all together to raise $ 2.05 millions and 32,000 new donors.	$414,510	Campaign in progress	$3,050,000	32,000
United States	1995/1996 Olympic Aid Programme - Prospect Mail/ Delta Airline	4/12/95	Test, refine and roll-out a direct mail prospect campaign for Olympic Aid programme during the time of the events in Atlanta.The potential of adding up to 23,400 new donors and raising up to $1,219,400 ($385,400 net). Delta Airline to raise $133,600 net.	$143,900	Campaign in progress	$1,219,400	23,400

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Annex IX (b) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Poland	Christmas 1995 Prospect Mailing Roll-out to Companies		To increase the address list by 1,104 company names from the present 441. The projections are based on the excellent results of the test carried out with this mailing list earlier this year.		Cancelled		
Japan	Winter 1995 Direct Response Acquisition Campaign	14/2/96	Raise $3.4 million net for UNICEF general resources from direct mail recipients individuals/small business. Generate up to 64,000 new donors for Committee's house mailing list. Raise awareness and understanding of UNICEF's work and Committee's activities.	$250,000	Campaign in progress.	$3,650,000	64,000
United Kingdom	ITT Sheraton Hotels "Check out for Children" Programme	14/2/96	To assist the start of the fund-raising campaign "Check out for Children" in ITT Sheraton's European hotels for a three-month period. Potential to raise $2 million per annum in Europe.	$60,000	Waiting for agreement letter.	$350,000	N/A

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Thailand	Direct Mail Roll-Out I and II 1996	26/2/96	Increase the donor base by 25,000 and raise an expected income of $455,465. Generate awareness on the role of UNICEF in Thailand and the situation of the disadvantaged Thai children.	$202,754	Campaign in progress.	$455,465	25,000
Republic of Korea	1996 Lunar New Year Acquisition Campaign	21/3/96	Generate 2,7000 new donors for the Committee's house list, raise an expected income of $35,000 in net income. Update the Committee's acquisition database.	$65,157	Waiting for FDP approval	$100,157	27,000
United States	Olympic Aid - Atlanta 1996 Sports Marketing Firm	22/2/96	To recruit a sports marketing firm (Hope Beckham) to assist in achieving fund-raising goals for Olympic Aid-Atlanta 1996 in the United States.	$219,000	Campaign in progress	$6,410,000	N/A

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Annex IX (b) (continued)

Country	Programme	Date of approval	Approved objectives	Total spent	Results	Projected immediate gross proceeds to UNICEF	Projected new donors directly attributable to FDP funding
Poland	Easter 1996 Prospect Mailing Roll-Out to Companies		Increase the address list by 2,360 company names, from the present 980. Raise $110,000 gross income. Projections are based on the results of the tests carried in March/April 1995 and through the research and development funded Christmas 1995 test appeal.	$94,000	Waiting for FDP approval	$110,000	1,380
National Committees (allocation pending)				$420,000	Reviewing FDP proposal		
				$6,998,708		$35,249,708	454,566